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NEWS SUMMARY

GENERAL

H-Block candidate may run for Dail

The National H-Block Committee and other Republican groups are considering whether to run a candidate in Ireland's Cavan-Monaghan constituency if hunger striker Kieran Doherty, an elected Deputy, dies.

Doherty is in the 60th day of his fast, and is thought to be close to death, writes Stewart Dalby.

Other possibilities are to allow a national figure such as Mrs Bernadette McAliskey to run, or not to propose a hunger striker so that the seat would be won by the Fianna Fail, largest opposition party in the Dail (Parliament).

● An Irish Government backbencher was taken to hospital on the eve of the Emergency Budget, threatening Dr Garret FitzGerald's wafer - thin majority.

Israel attacks

Israeli aircraft attacked Palestinian positions in southern Lebanon, and there were fears it might use ground forces. Back Page

Kania pledge

Polish Communist Party leader Stanislaw Kania pledged Warsaw's commitment to the Soviet Union as the emergency congress ended. Back Page

Air crash row

Spanish air traffic control must share part of the blame for the Tenerife air crash last year in which 146 died in a Dan-Air Boeing, the Commons was told. The Spanish report, published yesterday, blamed the aircraft commander. Page 8

Royal honeymoon

Prince Charles and Lady Diana will leave Broadlands, Hampshire, and fly to Gibraltar on August 1 to continue their honeymoon cruising for two weeks in the Mediterranean aboard Britannia.

Hoaxer jailed

An American who sent a hoax bomb to the Queen threatened Prince Charles and Lady Diana Spencer was sentenced to three months in jail by a Bow Street magistrate and recommended for deportation.

Prison for Calvi

Sig Roberto Calvi, head of Italy's biggest financial empires, was sentenced to four years' jail and fined L15bn (£6.6m) in Milan for illegally exporting currency.

Child-killer loose

Child killer James Lang, 36, escaped from Broadmoor Hospital at Crowthron, Berkshire, using a knotted sheet. Junior and infant schools nearby were closed after patrents collected their children.

Gunman's plea

Mehmet Ali Agca, self-confessed Turkish terrorist, admitted at the opening of his trial in Rome that he shot and wounded the Pope—but he said an Italian court had no right to try him.

Botham on 145

Ian Botham was 145 not out and Bob Willis 1 not out making England 351-9 at close of play in the third test against Australia at Headingley.

Briefly . . .

Divorce became legal in Spain.

Thieves stole £25,000 in 50p pieces in a weekend raid on an Eastbourne post office.

Iran presidential election candidate Habibollah Asgarouladi was shot and wounded in Tehran.

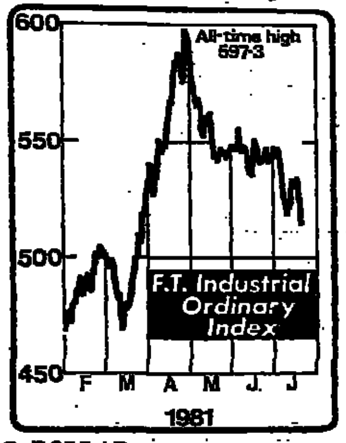
Rioter who hit a policemen with a stone at Brixton was jailed for six weeks.

BUSINESS

Gilts at 4½-year low; $ firm

● GILTS weakened as banks' base rates remained under pressure and U.S. interest rates continued high. The Government Securities index was 0.31 down at 63.14, a 4½-year low. Page 32

● EQUITIES also fell back. The FT 30-Share index moved down 9.7 to close at 514.0. Page 32



● DOLLAR rose sharply, its Bank of England index closing at 111.1 (110.7). It finished at DM 2.446 (DM 2.4215), SwFr 2.0965 (SwFr 2.081), FFr 5.789 (FFr 5.7535) and Y233, a 14-month high (Y231.8). Page 28

● STERLING fell 1.8 cents to $1.8685 on dollar strength. It also lost ground at SwFr 3.92 (SwFr 3.925) and FFr 10.815 (FFr 10.845) but improved to DM 4.5725 (DM 4.565). Its trade-weighted index was 92.3 (92.4). Page 28

● *GOLD lost $6 in dull London* trading to close at $412.5. In New York the Comex July close was $408.9. Page 28

● WALL STREET was 16.74 down at 942.16 before the close. Page 30

● SOUTH AFRICA raised its bank rate by two points to a record 12.5 per cent.

● JOSOLYNE LAYTON-BENNETT, accounting firm, was censured for work done nine years ago on behalf of Burnholme and Forder, a transport and engineering group. Back Page

● FORD and Toyota ended year-long talks about beginning a joint manufacturing project in the U.S. after disagreeing about what to make. Back Page

● AIR FLORIDA ordered three Boeing 757 jets, wih three more on option, in a deal worth over £20m for Rolls-Royce, which makes the engines. Page 5

● MULTIFIBRE ARRANGEMENT renewal talks reached deadlock, with Third World textile exporters unwilling to negotiate separate deals with EEC countries before a new treaty is settled. Page 5

● AUSTRALIA renewed its attack on EEC policies of exporting surplus sugar, raising the possibility of a trade war. Page 31

● PAKISTAN'S six-month-old "Islamic banking" experiment showed that customers who put money in interest-free accounts, sharing in profits made by investing it, earned more than conventional interest would have brought.

COMPANIES

● VINTEN GROUP, TV and film equipment maker, showeed pre-tax profits sharply up from £1.37m to a record £2.02m for the year to March 31. A one-for-one scrip issue is proposed. Page 22

● CONCORD ROTAFLEX, electric light fitting maker, returned to profit in the six months to June 30. The surplus of £780,000 compared with losses of £164,000. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Barget	225	+ 15
Concord Rotaflex	55	+ 6
Initial Services	226	+ 10
MFI	61	+ 3
Sidlaw	176	+ 6
Vinten	302	+ 28
Gaelic Oil	340	+ 15
KCA	154	+ 6
Cent. Pacific Mins.	80	+ 5
Geevor Tin	120	+ 10
Messina	335	+ 10
FALLS		
Treas. 3pc 1985	£74⅜	− ⅜
Treas. 11¾pc 03-07	£77⅞	− 1
Arbuthnot Latham	290	− 10
BAT Inds.	341	− 9
Collins (Wm.) A	148	− 12
Cornell Dresses	162	− 13
Distillers	218	− 8
GEC	715	− 13
Glaxo	366	− 8
Grand Met.	203	− 7
GUS A	437	− 11
Hawker Siddeley	318	− 8
ICI	260	− 8
Land Securities	328	− 10
Lloyds Bank	408	− 12
Lovell (G. F.)	60	− 10
MEPC	230	− 8
Meggitt Hldgs.	11	− 3
Midland Bank	332	− 15
Smiths Inds.	355	− 8
Union Discount	455	− 15
Wiggins Construct.	62	− 4

European leaders sharply critical of Reagan's policies

BY REGINALD DALE AND JOHN WYLES IN OTTAWA

WESTERN leaders made little effort here yesterday to conceal wide differences on a host of key issues ranging from President Reagan's economic policy to conduct of East-West relations.

In the opening hours of the seven-nation summit, Chancellor Helmut Schmide of West Germany, supported by President François Mitterrand of France and Italian Premier Giovanni Spadolini, urged President Reagan to make a more flexible approach to the West's relations with Moscow.

Herr Schmide took particular exception to Mr Reagan's call for new restrictions on high-technology trade with the Eastern bloc and to U.S. suggestions that Western Europe was becoming too dependent on the Soviet Union for energy supplies.

Mrs Thatcher apeared reluctant to join this European challenge, and supported Mr Reagan on a number of issues, including his determination to end U.S. strategic inferiority and his economic priorities.

With such divergent opening positions, the seven leaders will have their work cut out in the remaining day-and-a-half to bring the summit to an end with a public display of harmony and unity.

Herr Schmidt, who rarely troubled to hide his disagreements with Mr Reagan's predecessor, President Jimmy Carter, reacted particularly sharply to U.S. suggestions that Western Europe seek alternative energy sources to the projected $9bn gas pipeline deal with the Soviet Union.

Pipeline credit talks, Page 5
Lebanon under fire, Back Page
Leaders welcome change for talks, Page 4

He went on to reject a U.S. offer to consider helping Europe with supply of alternatives such as coal, nuclear power and possibly synthetic fuels.

Denying U.S. suggestions that Western Europe was going "pacifist," Herr Schmidt called instead for a dialogue at all levels with the Soviet Union.

Mr Reagan said earlier at dinner that success in new arms control negotiations with Moscow would depend on Soviet behaviour around the world, and vowed to eliminate U.S. strategic inferiority.

Herr Schmidt responded tartly to Mr Reagan's claims that U.S. policy had changed fundamentally with his election.

It was not possible to change the direction of a convoy, he said on referring to Nato, just because the captain of one ship had been replaced.

On the economic front the European leaders made no more progress than expected with their pleas for a reduction in the high levels of U.S. interest rates.

Mr Donald Regan, U.S. Treasury Secretary, said he could give "a reasonable assurance" that the rates would be several points lower by the end of the year, but there could be no fixed timetable for their reduction.

M Mitterrand, according to U.S. officials, clearly indicated that he regarded the end of the year as the deadline.

Mrs Thatcher, again at odds with her European colleagues, gave her full support to Mr Reagan's overall economic programme during a private meeting yesterday morning.

She acknowledged that U.S.

Continued on Back Page

Lazards proposes cut in steel castings capacity

BY ALAN PIKE

RADICAL proposals for reducing over-capacity in the steel castings industry have been presented to companies by Lazard Brothers, the merchant bank, with the support of the Government and Bank of England.

Castings companies are being asked to support a plan under which they would have to choose between closing plants, or subscribing to a fund to compensate competitors who cut capacity.

It is widely acknowledged in the steel castings industry that there is serious over-capacity which will not disappear with an end to the recession. This has cast doubt over the survival of companies in the industry.

The rationalisation plan has been outlined by Lazards to 40 companies with a combined capacity of 200,000 tonnes, with the object of eliminating 50,000 tonnes from this industry-wide capacity. In view of the "critical state of the industry" companies have been given only a month to decide whether they are prepared to take part in the scheme or not.

Major companies active in the steel castings industry include the Weir Group, North British Steel and F. H. Lloyd. In addition the British Steel Corporation and other nationalised industries, including British Rail and British Shipbuilding, have castings capacity. It has not been disclosed, however, which companies were involved in the approach to Lazards.

Under the proposed plan, companies which elected to continue operating their plants would have to pay a levy, representing about 2 per cent of average sales for the past three years, for each of the next five years. This would be used to finance compensation to those who opted for closure. During this five year period, companies which volunteered to close would be compensated

Lazards became involved in developing the scheme after it was approached by companies which, it says, represent more than 50 per cent of the industry's capacity. The decision to launch the rationalisation attempt follows discussions with the Department of Industry and the Bank of England.

In a letter to companies in the industry Mr Peter Grant, director of Lazards, says the initiative has been welcomed by the Bank and the Department "who have expressed their hope that it will succeed."

The Government has, however, made it clear that no public funds will be made available to assist the industry.

Lazards believes the scheme will succeed only if it receives overwhelming support. Castings companies, which originally approached the Bank, say they will participate if companies representing at least 90 per cent of 1980 output join the scheme.

The deadline for acceptance in principle is August 14, and Lazards hopes the scheme will come into operation by the New Year. Every company taking part would have to enter into a contract with Lazards as trustee for the scheme, and if volunteers for closure were top-heavy in any particular sector of the industry, Lazards would, after taking independent advice, decide which plant should be closed.

This is the second recent example of the Bank of England encouraging steel-related industries to consider their future. Professor Sir Frederick Warner, pesident of the British Standards Institution, is, with Bank support, currently examining the problems and prospects of the special steels industry.

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Computer disc plant for Bristol

BY ROBIN REEVES

HEWLETT-PACKARD, the California-based electronic instrumentation and computer systems group, yesterday unveiled plans for a £25m production centre in Bristol.

It will employ more than 1,300 people by the mid-1980s. Depending on business conditions, the plant may be expanded after that to create as many as 2,000 further jobs by the end of the decade.

The plant will make advanced disc memory devices for Hewlett-Packard computer systems, and will also be a research and development unit.

Hewlett has two computer manufacturing plants in Europe, at Boeblingen in Germany and Grenoble, France.

The first £12m phase at Bristol involves constructing a 125,000 sq ft building, which the company hopes will be in production by early 1983.

A second building of 250,000 sq ft is planned for completion by 1986. The complex will be built on a 165-acre site on the northern outskirts of the city.

Mr David Baldwin, Hewlett's joint UK managing director, described the move as another important step in the expansion of its computer products, sales of which rose in the last financial year by 42 per cent to account for half the company's total turnover of £1.55bn.

The new Bristol plant will supply Hewlett's growing European market for disc memory devices, which are currently supplied from the company's Idaho plant.

Hewlett's UK operations have a turnover of over £100m and employ some 1,800 people. Its plant at South Queensferry, near Edinburgh, employing 820, is the company's chief source of communications test products. This site was recently expanded by half to 300,000 sq ft.

A software development subsidiary, set up last year, is due to move into a new 100,000 sq ft plant near Wokingham, Berkshire, early next year. The same site will also house HP's sales and service headquarters which is now based at Reading.

The new project is a major boost for Bristol. With an unemployment rate below the national average, the city cannot offer development grants and other incentives to attract people with investments.

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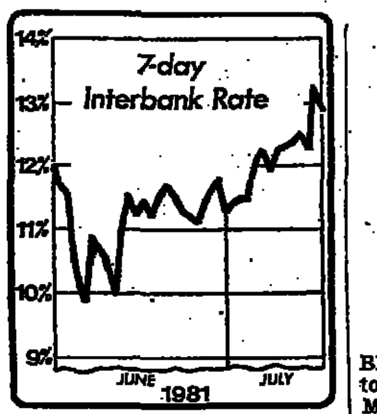
For latest Share Index phone 01-246 8026



Bank tries to calm markets

By Peter Riddell, Economics Correspondent

THE BANK OF ENGLAND yesterday tried to calm the London money markets and ease some of the recent upward pressure on interest rates.

There were no signs of an immediate rise in the clearing banks' base lending rates, although the position is constantly under review.

The Bank's actions in the money markets had only a limited impact. Conditions remain very nervous and the majority City view is still that short-term interest rates may rise.

Prices of long-dated gilt-edged stocks fell a further £⅞, although shorts recovered to close £⅛ down after earlier falls of £¼. The result is that yields of nearly 16 per cent are available on medium and long-dated stocks, and the FT Government Securities Index is at 4½-year low.

The Bank's operations yesterday were on a "very large" scale and took the form of purchases of bills for resale to the market on Friday (at interest rates of 12 to 12⅞ per cent) and for resale tomorrow (at 12 per cent).

These rates are very much at the low end of the existing market range. While this action was seen as neutral by the market, the implication is that the Bank would like some stability in rates generally.

This action was followed by a drop in the key one-week interbank rate to 12⅞ per cent from a peak Friday level of over 13½ per cent. One-month rates closed at around 14 per cent after rising to nearly 14½ per cent at one stage yesterday.

Three-month interbank rate rose fractionally, however, to 14$\frac{5}{16}$ per cent, highlighting the continuing uncertainty.

Overnight money was available at 11½ to 13 per cent,

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£ in New York

	July 17	Previous
Spot	$1.8800-8820	$1.8790-8810
1 month	0.90-0.97 pm	0.88-0.95 pm
3 months	2.05-2.15 pm	2.25-2.35 pm
12 months	4.90-5.10 pm	5.20-5.40 pm

BP ready to buy large amounts of Mexican crude

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM is set to become a major purchaser of Mexican crude oil. A £17m-a-day deal is being negotiated with Pemex, Mexico's state oil company.

The Mexican Government is relying on new contracts with European companies—BP and French and Italian interests—to restore much of the country's recently lost exports. Mexico is believed to have lost about 700,000 barrels a day in sales in the last few weeks because of its decision to raise oil prices by $2 a barrel.

BP has been offered about 100,000 b/d of various types of crude oil. The negotiations concern both the mix of crudes and the sale price.

"We have been offered crude oil by Mexico and we are in discussion with them at the moment," BP said last night.

BP has been interested for some time in developing oil trading links with Mexico. BP sees Mexico as an important strategic supplier of crude oil outside the Organisation of Petroleum Exporting Countries. In recent years the company has seen much of its traditional supplies halted or reduced by OPEC members such as Iran and Nigeria.

Also as a leading producer of premium-grade North Sea oil, BP is able to use Mexico's lower grades to blend the type of feedstock required to operate its European refineries.

It is understood that Pemex is offering a mix of crudes with a high percentage of inferior May oil (22.7 degrees API). BP is thought to be seeking a greater proportion of higher-grade Isthmus oil (34 degrees API).

Sr Jose Andres de Oteyza, Mexico's Minister of Industrial Development, said that the export price to BP and other customers would be $32.60 a barrel. This is $2 a barrel more than the reference price set early last month following a $4-a-barrel price reduction.

Mexico's exports are thought to be running at about 700,000-800,000 b/d against 1.4m b/d in June and 1.15m b/d over the first six months of this year. Sr de Oteyza expected that exports would rise to 1.25m b/d from the start of next month, thanks largely to a 100,000 b/d deal with France, a 40,000 b/d agreement with Italy, and a 100,000 b/d contract with BP.

Last week the French state-owned oil group Compagnie Francaise des Petroles (CFP) agreed to resume purchases of 100,000 b/d from August after Mexico had threatened to bar French companies from participating in Mexican development projects. The Mexican move was in retaliation for CFP's suspension of July purchase because of the proposed $2 a barrel price rise.

It is understood that Pemex negotiators visited BP officials in London following last week's Paris meetings with CFP. BP had originally raised the issue of possible Mexican supplies during a British trade misssion to Mexico last month led by Mr Cecil Parkinson, Minister for Trade.

Lloyd's Bill to proceed

BY JOHN MOORE

A HOUSE Of Commons committee allowed the Lloyd's Bill for improving self-regulation to proceed yesterday. The committee gave its approval although Lloyd's was not prepared to accept one of its key recommendations made in earlier hearings.

But the Bill, which could have failed yesterday, will face stiff opposition from several large brokers, underwriting agents and Lloyd's underwriting members during the later stages of its hearing in Parliament.

At a tense meeting before the House of Commons committee, Lloyd's legal representatives said that its near 20,000 members had agreed to follow the committe's recommendation that th eBill lshould be amended to ensure that insurance brokers were not allowed to control underwriting syndicates at Lloyd's in the future.

Lloyd's told the committee that it had not gained approval for the separation of managing agents, the groups which run underwriting syndicates, from the members' agents, the groups which introduce members to the market.

After hearing arguments and receiving undertakings from Lloyd's that more information will be disclosed to the members joining Lloyd's, the Commons committee allowed the Bill to go through.

Mr Michael Meacher (Labour, Oldham West), the committee chairman, insisted that Lloyd's gave undertakings that the

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Lloyd's agencies review sought, Page 10

France eases curbs on bank lending

BY TERRY DODSWORTH IN PARIS

THE FRENCH monetary authorities took further steps to pump fresh finance into the country's corporate sector yesterday amidst signs that many small companies have been pushed to the edge of bankruptcy during the last few weeks.

The new move, designed to relax the tight limits on the growth of bank lending, should release about FFr 10bn into the economy. It follows a similar measure about a month ago which made FFr 5bn available.

Both of these relaxation steps are particularly aimed at small companies, where the pressures of finding finance to tide themselves over a difficult low-growth period are particularly pronounced. An instruction from the Bank of France has gone out telling the banks that the new facilities should be especially aimed at small these sort of companies, and particularly sub-contractors.

In addition, the Government has decided to extend a recently-announced scheme for specially subsidised loans to the building and public works sector. These loans, at 3 per cent under the market rate, were designed for small companies employing less than 100 men, but are being extended to the building industry because of the particularly pronounced difficulties it faces at present.

The new credit relaxation measures have been partly made necessary by the breach of the established norms during the election period, when many banks let their lending slip over the permitted limit.

But the Government's policy also illustrates its shift of emphasis towards supporting industry and jobs at the expense of the fight against inflation. Under the previous administration, the credit ceiling system, which restricts a large area of lending, was widely used to restrain money supply growth.

The measures were announced amid further signs of the Government's efforts to bring down interest rates, which have been a major cause in the recent collapse of many companies.

The seven-day Treasury Bill rate, the main market indicator, was reduced from 19¾ per cent to 19½ per cent. But a slight reduction in the money market intervention rate, from 18¼ to 17¾, was later wiped out when it went back up again to 18¾ per cent.

Europe security conference at 'critical stage'

BY TOM BURNS IN MADRID

EAST and West clashed sharply over security proposals in Madrid yesterday, causing the eight-month-long meeting to review the Helsinki Final Act to reach a "critical stage," according to senior Nato diplomats.

The clash came at a "contact group" meeting attended by the two blocs. At this each side presented proposals for confidence building measures (CBM) to cover troop manoeuvres on the Continent. If agreed, these would open the way for a European conference on military detente and disarmament, to start next spring.

Ambassador Max Kampelman, head of the U.S. delegation, said the Soviet proposal was "ludicrous" and "absurd" while Moscow and its allies rejected the Western proposal unequivocally.

Mr Kampelman stressed that the compromise formula agreed by Nato countries last week was a "final offer." He said the "unacceptable" nature of the Soviet counter-proposal "realistically raises the question of whether this meeting can now complete its work."

The bone of contention at the marathon meeting, which is attended by the U.S., Canada and all European countries with the exception of Albania, is the opposing interpretations of the so-called CBM zones—the areas in which each side would, for instance, be obliged to inform the other of certain troop movements.

The Western proposal has a zone that covers the whole continent of Europe from the Atlantic to the Urals and also the "adjoining sea area and air space . . . in so far as the activities of forces operating there are an integral part of notifiable activities on the Continent."

Gen. Konstantin Mijailov, the chief military expert on the USSR delegation, termed it "a one-sided extension of the zone at the expense of the Soviet Union." He said it violated the Helsinki accord principles of "reciprocity and balance."

The Soviet proposal refers to a CBM zone covering the whole Continent with adjoining sea and air areas of "corresponding width." According to Western diplomats, the ambiguity of the wording could lead to the interpretation that the zone could stretch west as far as Philadelphia.

Linked to this dispute is the Soviet demand that the Madrid conference give a mandate for a disarmament conference and the corresponding Western insistence that such a conference should have a first phase which would set out specifically a substantive framework for the notification of significant troop movements.

The Madrid meeting's agreement on other detente topics, such as human rights and economic co-operation at present hinges on the possibility of consensus on the military security aspect.

Mr Kampelman said it was increasingly unlikely that the meeting could be wound up before the target date of July 31. It appears likely that it will recess on that date.

Brandt assails French stand on missiles

BY JONATHAN CARR IN BONN

THE WEST GERMAN Social Democratic Party leader, Herr Willy Brandt, has expressed open irritation with the tough stance on the East-West nuclear missiles problem taken by the new socialist Government in France.

Herr Brandt told a party meeting at the weekend that he kept hearing "from our French friends among others," that U.S. intermediate-range nuclear missiles were needed in Europe. But he added that he had not heard from the French that they were keen on having these weapons on their own soil. On the contrary, it seemed the missiles were to be deployed mainly in West Germany "and perhaps a few elsewhere as well."

These comments follow the visit to Bonn last week by President Francois Mitterrand, who publicly expressed a view on the Nato missiles decision of December, 1979, at least as strict as any emerging from the Reagan Administration in Washington.

M Mitterrand agreed that both parts of that decision—involving production of missiles by the West and negotiations with the East—should be respected. But he felt the West should further strengthen its own hand before starting discussions with Moscow.

This view is at odds with that of Herr Brandt, who recently had talks on the issue in Moscow and who stresses that East-West negotiations should begin very soon, precisely so that a new twist to the arms race can be avoided.

If the negotiations do not yield results by the end of 1983, then West Germany appears to be committed under the Nato decision to having new U.S. missiles deployed on its territory. France, as Herr Brandt indicated, is under no such pressure. It has its own nuclear weapons and is not a part of Nato's military structure.

While M. Mitterrand's stand has upset many in the Social Democratic Party, it has been welcomed both by Chancellor Helmut Schmidt and Herr Hans Dietrich Genscher, the Foreign Minister, who have a hard task defending the Nato decision in both Bonn coalition parties.

However, the Bonn Government has grave fears about the inflationary consequences of M. Mitterrand's socialist economic programme at home. The party, by contrast, broadly approves that programme and would like to see more steps taken in that direction in West Germany.

● Herr Karl-Heinz Hansen, a bitter left-wing critic of Chancellor Helmut Schmidt and of the Nato decision on intermediate-range nuclear missiles, is likely to be excluded from the Social Democratic Party.

● Herr Brandt (right): irritated with Mitterrand

Ireland to receive £7.8m in EEC loans

Ireland is to receive new EEC loans worth I£9.6m (about £7.8m) for telecommunication and water supply developments, the European Investment Bank announced yesterday, writes Larry Klinger in Brussels.

The loans, which will attract a 3 per cent interest subsidy from the EEC budget, include I£5.6m towards Dublin's I£160m scheme for 86,000 new telephone subscriber connections and more than 2,000 additional telex installations. The remaining I£4m loan is for projects to improve water supply and sewage disposal systems in Counties Mayo and Sligo.

Aide shot by wife

M Fernand Spaak, Chef de Cabinet to EEC Commission president Gaston Thorn, who was found dead on Saturday, was shot by his estranged wife who later committed suicide, the Brussels chief prosecutor said yesterday, Reuter reports.

Belgian voting

THE BELGIAN PARLIAMENT has approved an amendment to the constitution lowering the legal voting age for national and regional elections to 18 from 21 years, AP reports from Brussels. The change is expected to increase by 430,000 the number of voters in the next elections, which are due next year. Voting is mandatory.

Zurich explosion

A GROUP calling itself the "June 9 Organisation" has claimed responsibility for an explosion at Zurich airport yesterday, writes John Wicks. Five people were slightly injured when the bomb went off in an automatic photograph machine. The group is believed to consist of Armenian exiles.

Greek protests

ABOUT 3m Greek workers and clerks yesterday staged a 10-minute nationwide stoppage to protest against the Turkish invasion of Cyprus seven years ago, Reuter reports from Athens. The call for the stoppage was made by the General Confederation of Labour, the country's top trade union body.

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Dogmatic undertone to Poland's moderate politburo

BY ROGER BOYES IN WARSAW

"I WOULD like to guide the party together with the Central Committee, neither to the left, nor to the right but straight ahead, towards the socialist renewal."

Those words of Mr Stanislaw Kania, spoken more firmly than usual to the television cameras and to Poland's emergency Communist Party Congress, described the party chief's own political position—a "moderate centrist," in the cumbersome vocabulary of Poland's politburo watchers. That means the continuation of a dialogue with Solidarity, a commitment to economic reform and a readines to make political concessions. It also means criticism of radicals in Solidarity — for fear that they will make the union a competitor to the party —and a strong belief in the leading role of the party in Polish affairs.

The majority of the new 15-man politburo share these views —but there are unmistakeably harsher, more dogmatic, undertones within the governing body. In the case of Mr Stefan Olszowski (a former Foreign Minister and a key member of the new line up), this is expresed in the form of a general acceptance of economic change—though not of worker-control—and a conviction that enough political concessions have been made. The Olszowski line seems to be; we have given away more than enough to the workers, now let's get them working again. Among Mr Olszowski's responsibilities in the politburo will be the supervision of the media

Mr Albin Siwak, another hard-liner in the new politburo, declared his colours during the Congress when launchig an extraordinary personal attack on a leading liberal, Mr Mieczyslaw Rakowski. He said Mr Rakowski was like a car driver who indicated left but actually turned right and ended up in an accident. "That accident," said Mr Siwak, "will be the break up of the party."

A rough head count of the politburo shows that seven are moderate centrists, three are radical reformists and five represent varying shades of hard line opinion. But that picture is slightly misleading because of the amount of new faces — all but four members of the politburo were swept out after losing their Central Committee seats in secret ballot elections on Friday night.

The crucial element will not be so much the open political allegiance of politburo members but their individual expertise in pressing the relevant arguments. Thus, the four politburo survivors — Mr Kania, Mr Olszowski, Mr Kazimierz Barcikowski and Mr Wojciech Jaruzelski the Prime Minister—will have the greatest power. One of the newcomers to the politburo, Mr Stanislaw Opalko, Communist Party first secretary in Tarnow, summed up the situation in somewhat despairing terms: "I shall want to have an effect on politburo decisions to the extent that I will be able to and have the means to do."

The Central Committee voting for the politburo gives some indication of how hard liners and reformers are represented in the Central Committee. The number of votes against hard-liner Mr Siwak, for example, suggests that there are some 50 to 60 radicals in a Central Committee of 200. Voting against reformist politburo members indicates a sizeable hard line minority of 30. The remaining 110 members of the Central Committee appear to be moderate centrist, in line with the policies of Mr Kania.

Another element of the Polish political equation is that the politburo is a blend of relatively inexperienced workers and hardbitten party politicians —but the workers are drawn largely from outside Warsaw. Unless the worker politburo members set up in Warsaw—and this seems unlikely at present—there may well be an effective shift in the balance of power away from the politburo to the Warsaw-based Central Committee secretariat.

That means men who occupy a seat both in the politburo and the secretariat are likely to have a disproportionate amount of influence in running Polish affairs. Mr Olszowski ranks among these as does Mr Miroslaw Milewski, a hard liner who has made a career in the Polish security service and who will now, among other things, be in charge of party relations with the Church. Mr Barcikowski, whose policies are on the same line as Mr Kania's, will also have a seat both on the politburo and the Central Committee secretariat.

If the hard liners are able to assert themselves through the Central Committee secretariat there is little need for them to worry about new politburo members like Mrs Zofia Grzyb, a member of the Solidarity independent workers movement.

Bundesbank worried about steady rise in inflation

BY STEWART FLEMING IN FRANKFURT

THE BUNDESBANK, the West German central bank, is increasingly concerned about the continued surge in domestic inflation. This, together with uncertainty about the implications of shifts in the structure of West Germany's financial markets for control of the money supply, emerges in the bank's latest monthly report as the main factors which prompted the bank to tighten its monetary policy slightly three weeks ago.

The bank says that the restrictive thrust of its monetary policy must remain in order to ensure that undesirable price developments do not overflow and produce a lasting deterioration in the inflationary situation. This year, the inflation rate in West Germany has been running at between 5.5 per cent and 6 per cent with no sign yet of the anticipated deceleration in the rate of increase. The Bundesbank's decision at the beginning of this month to lower its target for the growth of the money supply this year to the bottom end of its 4-7 per cent range coincided with the Government's report that unemployment in June topped 1.1m, the worst June figure for almost 30 years.

Since then, criticism of the Bundesbank's monetary policy has again intensified with the Federation of West German Trade Unions declaring last week that the bank's policies have failed in all main respects, and demanding a shift away from high interest rates. It is clear, too, that there are hopes in Bonn that efforts to curb government spending now coming to a head in budget discussions for 1982 will open the way for the Central Bank to relax its monetary policy later in the year when unemployment is expected to rise to around 1.4m.

How the bank responds will depend, of course, on among other things, the outcome of the budget talks, the performance of the current account of the balance of payments and of the D-Mark on the foreign exchange markets. It is clear from its monthly report, however, that much as it would like to relax its monetary policy to stimulate the economy it sees no grounds for doing so at present and, in fact, is moving slightly in the opposite direction in the face of the mounting political pressures.

In political terms, such a policy tends to keep the pressure on the Government to tackle the budget deficit boldly. But the Bundesbank cites a list of reasons why it cannot relax its policy. One of these is that shifts in the financial markets in favour of the issuing and purchase of borrowers notes of short maturity, which are like money but are not part of the money supply, mean that the conventional monetary aggregates on which the Central Bank focuses are providing a less reliable guide to how restrictive monetary policy is.

In addition to this technical problem however, the Bundesbank is clearly increasingly concerned about inflation. Earlier in the year, it clearly felt that the surge in the inflation rate back to the 6 per cent level was a direct reflection of the sharp decline in the D-Mark against the dollar and thus a reflection of imported inflation. Now it is putting much greater emphasis than hitherto on the threat from domestically generated inflation. In this context it says that the "concessions made in the last wage round make a return to more price stability more difficult because the corporate sector faces further hefty cost increases from the wages side."

The central bank clearly feels that in the current period of no economic growth a reduction in living standards has to be accepted in order to meet the higher oil bill. In contrast, trade unionists are already beginning to make combative noises about next year's wage round.

Balance of payments picks up

BY OUR FRANKFURT CORRESPONDENT

THE CURRENT account of West Germany's balance of payments has shown recent signs of improvement on a seasonally adjusted basis and there has been a marked pick-up in the development of the long-term capital account in May and probably June, the Bundesbank, says in its latest monthly report.

Against these favourable developments, however, the central bank points out that energy imports remain a growing burden on the trade balance. In spite of the easing of oil prices in recent weeks, the bank says that it expects the country's net energy import bill to rise from the DM 64.6bn (£14.35bn) recorded in 1980 to around DM 75bn (£16.6bn) in 1981.

The main factor accounting for the expected rise in the oil bill is the continued decline of the Deutsche Mark against the dollar, the currency in which oil is mostly paid for. The Bundesbang points out that between September 1980 and May 1981 the cost of crude oil imports rose by 34 per cent per ton. Simultaneously, the Deutsche Mark fell 34 per cent from DM 1.80 to DM 2.29 against the dollar. "The oil price rise is almost exclusively the result of the Deutsche Mark devaluation," the central bank says.

Signs of an improvement in the trade balance in April and May have raised hopes that West Germany's current account, which sank into a deficit of almost DM 30bn last year, could have reached a turning point after its two-year deterioration. The banks says that seasonally adjusted exports have grown noticably in recent months while imports have declined. In April and May together, for example, exports increased by 4 per cent over February and March, and imports declined by 3 per cent.

Few forecasters are expecting a noticable improvement in the overall current account this year and the Bundesbank itself says that the external pressures on the economy for adjustment are still great and permit only a modest growth in the money supply.

France cancels Basques meeting

PARIS—M Gaston Defferre, the French Interior Minister, yesterday cancelled a visit to Madrid because of adverse Spanish Press reaction to his refusal to extradite suspected Basque guerrillas to Spain, ministry officials said. Diplomats in Madrid, however, said the trip had been put off until July 29.

He was due to meet Sr Juan Jose Roson, his Spanish counterpart, today in an attempt to settle the issue which has bedevilled relations between the two countries.

M Defferre said in a weekend interview with Le Nouvel Observateur, the French news magazine, that France would not extradite suspected Spanish Basques wanted for trial in Spain. This has created an angry outburst in the Spanish Press and the Roman Catholic newspaper, Ya, said that if M Defferre considered Basque terrorists to be political fighters he could save himself a trip to Madrid.

The Madrid officials said the decision followed a telephone conversation between Sr Leopoldo Calvo Sotelo, the Spanish Prime Minister, and M Pierre Mauroy, the French Premier.

M Defferre's visit to Madrid was arranged between President Francois Mitterrand of France, and Sr Calvo Sotelo as part of an effort to break the deadlock over suspected Basque guerrillas wanted for trial in Spain.

About 13 Spanish Basques, including Sr Thomas Linaza Echeverria, aged 24, who is accused of killing seven people, are in French jails awaiting the result of extradition proceedings filed against them

Reuter

Dutch expect large surplus on trade

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS is heading for a sizeable trade surplus in the first half of this year confirming earlier hopes that a decline in domestic consumer spending would reduce the country's import bill.

The trade balance in the first five months of the year showed a surplus of Fl 1.4bn (£280m) compared with a deficit of Fl 1.1bn in the same period of 1980. Imports increased by 4 per cent to Fl 66.6bn (£13.3bn) but exports expanded at twice this rate to Fl 68bn.

Despite this strong improvement in the first five months as a whole the country's trade performance has been less successful in the past two months than in the first quarter. The Netherlands recorded trade surpluses in each of the first three months but moved into a small deficit of Fl 160m in April. The latest figures which have been released, for May, show a further slight worsening.

The Netherlands had a deficit of Fl 211m in May with exports of Fl 13.5bn not quite matching imports of Fl 13.7bn, according to the Central Statistics Office. This is better than the May 1980 performance, however, when a deficit of Fl 361m was recorded.

While the domestic recession has pushed unemployment up to unprecedented post-war levels, economists expect it to lead to an improved trade and balance of payments position. Real disposable incomes are expected to fall by 2.5-3.0 per cent this year, while the volume of private consumption is forecast to fall 3 per cent. The balance of payments current account is likely to break even, compared with a deficit of Fl 4.9bn in 1980.

Dutch businessmen, meanwhile, are continuing to press the Government to increase its support for exports. A group of 20 industrial and commercial organisations, whose members are particularly involved in foreign trade, recently called for a closer integration of the export effort with foreign policy.

A special correspondent describes Athens' links with the Arab world

Greece builds Middle East 'bridge'

FEW EUROPEAN countries are as worried as Greece about the tension in the Middle East following the renewed Israeli attacks on the Lebanon. It is not just that Greece is the closest member of the Community to the area. Greece also sees a future role for itself as a "bridge" between the EEC and the Middle East.

Part of this future role depends on hope—the hope that Greece can build its role in handling transit trade to the Middle East. There is, for instance, a regular ferry service from the central Greek port of Volos to Latakia in Syria. But part of it is a response to Greece's strong links with the Middle East.

Like most other West European countries, the Greeks depend largely on Middle Eastern oil. At the same time, their economy is buoyed up by earnings from shipping oil, from the major contracts won by Greek construction companies in the Arab world, and by its growing role as an offshore centre for business in the Middle East.

Add to this, the need to protect what remains of the once-glorious Greek communities in cities such as Alexandria and it is hardly surprising that Greece has resisted EEC pressure to upgrade its diplomatic links with Israel. It has never had ambassadorial relations with Tel Aviv, and seems to have no intention of doing so. On the contrary, its policy has long been far more pro-Palestinian than that of most members of the EEC.

In a recent interview Mr Constantine Mitsotakis, the Greek Foreign Minister, said he welcomed the way that in the past year the West Europeans had moved closer to the Greek position through developments such as the European initiative on the Middle East. He was optimistic that, once the new French administration had had time, it would support the line the EEC had painstakingly developed.

He also insisted that the Greeks would not agree to U.S. bases on Greek soil being used as staging posts for any U.S. Rapid Deployment Force in the Middle East. He said that Washington had not aproached Athens with such a request.

The Arab League countries are Greece's biggest trading partner after the EEC. Greek exports to these countries will be about $700m this year, 20 per cent of all Greek exports. But imports from the Middle East of oil alone total around $350m per month.

Around 20 per cent of all shipping to and from Arab League countries is done on Greek-owned vessels. This brings in $300m a year in remittances from seamen, freight and other shipping expenses. Shipping to and from the Middle East has made tycoons out of some of the big shipowners, like the late Aristotle Onassis, and Constantine Lemos, Greece's biggest shipping magnate.

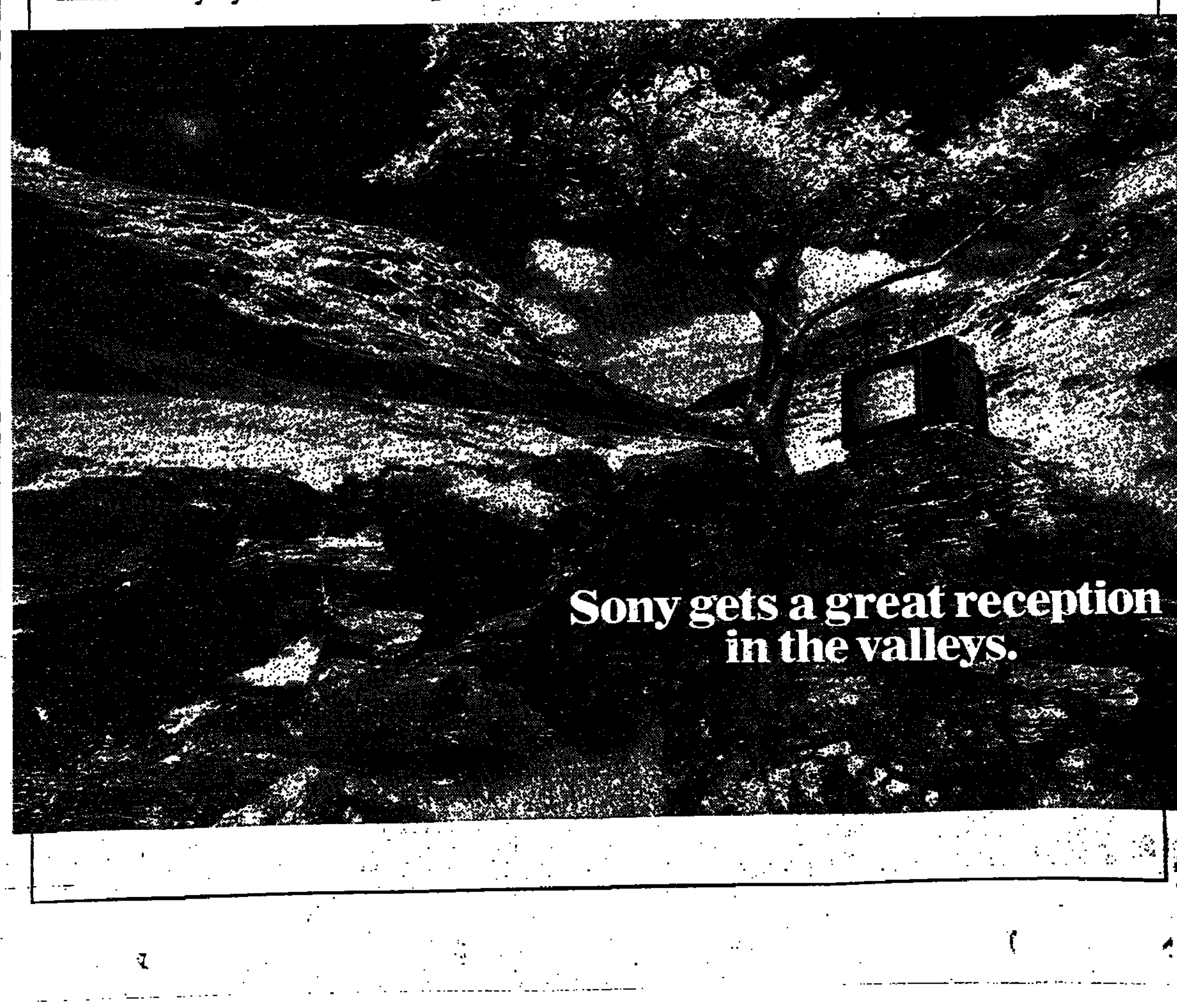
Mr John Latsis is another example of a self-made Greek tycoon, who, after starting in war-time trade, built up an empire from his Middle East dealings. Mr Latsis, who owns Petrola International, a group which includes ships, shipyards, refineries and construction companies, ferried pilgrims to Saudi Arabia in the 1950s. He was a close friend of the Greek colonels and has solid links with the Saudi Royal Family. Two years ago he bought a new yacht off Mr Stavros Niarchos, wrote out a $3m cheque and gave the yacht to King Khaled. These friendships have helped spare Greece hardships of oil embargoes and cuts in supplies of crude.

Construction groups, such as Archirodon-Doxiades, Edok Eter, and Odon-Odostromaton are Greece's second-largest cash earners from the Middle East after shipping.

Since 1975, Athens has been turning into a major centre for Middle East business. The war in Lebanon has forced scores of companies out of Beirut, but Athens also offers tax-free advantages for offshore business thanks to its proximity to the Middle East. Costs of setting up a regional operation are lower than in the Gulf.

In appearance as well as life-style, Athens is very much a Levantine city.

As a symptom of the times the bouzouki players in "Plaka," Athens' noisy tourist nightspot at the foot of the Acropolis rock, have added to their repertoire of Greek folk songs some Arab hits which they sing every night in Arabic.



CONTRACTS AND TENDERS

COMPANY NOTICES

ANNOUNCEMENTS

BOND DRAWINGS

NORTHERN PAPER MILLS—
US.$6,300,000 6¾% 15 YEAR
EXTERNAL LOAN OF 1967

HAMBROS BANK LIMITED hereby gives notice that, in accordance with the terms and conditions of the above loan, the redemption for 1st September, 1981, has been effected by purchase of US.$1,000 (nominal) and the undermentioned bonds amounting to US.$424,000 (nominal) were drawn on the 25th June, 1981, for redemption at par. The outstanding balance after the 1st September, 1981, redemption is US.$350,000 (nominal).

The drawn bonds may be presented to HAMBROS BANK LIMITED, 41 Bishopsgate, London, EC2P 2AA, or to the other Paying Agents named on the bonds.

For payment in London, bonds will be received on any Business Day and must be left three clear days for examination.

BONDS OF US.$1,000

73	95	145	253	254
255	256	257	258	259
260	267	271	272	273
275	280	281	284	285
286	287	288	290	291
292	293	294	295	296
297	298	300	302	305
306	307	308	309	314
315	317	318	319	320
321	324	325	329	331
332	333	334	336	339
341	342	344	345	378
441	443	444	445	448
451	452	455	456	457
458	459	460	909	960
961	999	1033	1034	1039
1040	1041	1044	1045	1076
1097	1098	1100	1101	1103
1104	1174	1179	1180	1226
1242	1247	1248	1249	1301
1302	1303	1304	1306	1307
1308	1310	1312	1313	1314
1329	1330	1356	1357	1358
1359	1378	1379	1380	1381
1382	1383	1385	1822	1879
1880	1884	2041	2050	2051
2058	2059	2064	2088	2091
2130	2131	2132	2135	2136
2151	2154	2155	2183	2199
2226	2334	2335	2338	2339
2365	2415	2416	2417	2418
2419	2421	2422	2423	2424
2533	2534	2535	2537	2562
2564	2568	2570	2571	2572
2573	2574	2577	2580	2582
2585	2586	2588	2589	2590
2593	2598	2599	2600	2601
2602	2672	2673	2674	2675
2759	2760	2768	2771	2772
2794	2795	2796	2844	2850
2875	2898	2912	2939	2942
2943	2944	2945	2947	2948
2949	2967	3014	3021	3022
3114	3116	3120	3121	3124
3125	3157	3162	3163	3164
3165	3195	3196	3197	3200
3201	3202	3258	3259	3260
3261	3262	3400	3435	3436
3566	3567	3568	3569	3650
3651	3652	3653	3654	3655
3656	3658	3659	3662	3676
3628	3701	3702	3704	3706
3707	3708	3710	3725	3726
3793	3794	3795	3796	3807
3980	3981	4164	4165	4167
4168	4169	4260	4287	4288
4292	4306	4319	4320	4326
4327	4348	4349	4350	4354
4357	4368	4379	4468	4472
4475	4478	4481	4500	4501
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4524	4525	4526	4559	4571
4573	4574	4580	4581	4582
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4590	4592	4593	4594	4595
4597	4598	4599	4600	4604
4605	4606	4607	4609	4610
4612	4614	4652	4655	4763
4764	4765	4769	4770	4771
4773	4788	4791	4793	4794
4796	4799	4934	4935	4936
4937	4938	4945	4946	5116
5131	5134	5345	5431	5434
5450	5451	5452	5454	5456
5457	5961	5969	5973	5976
5979	5980	5982	5983	5994
5986	5988	5989	5991	5992
5994	5995	5996	5997	5999
6004	6005	6008	6009	6011
6016	6017	6018	6021	6022
6023	6030	6032	6033	6034
6035	6039	6041	6046	6048
6201	6209	6211	6212	6213
6214	6215	6218	6219	6223
6224	6229	6230	6231	

HAMBROS BANK LIMITED
21st July 1981

CLUBS

OVERSEAS NEWS

Roger Matthews reports on the latest Israeli raids on Lebanon

New chapter in a tragic history

THE SAVAGERY of Israel's recent attacks on Palestinian positions in Lebanon suggests that a new chapter has been opened in the history of this tragic country. By bombing Palestinian areas in the centre of densely populated south Beirut, Mr Menahem Begin, Israel's Prime Minister, has backed up his statement that a ceasefire would only be acceptable when the Palestine Liberation Organisation has been driven from Lebanon.

During his first term of office, Mr Begin's main aim was to destroy Palestinian bases from which raids could be mounted on Israel and to push back the guerrillas from the south of the country so that their artillery and rockets could no longer hit northern Israel. The Israeli invasion of south Lebanon in March 1978 was partially successful and it broadened the strip of land held by the renegade Lebanese officer Major Saad Haddad.

However, the invasion did not sever what Mr Begin described as "the evil arm of the PLO" nor did it significantly weaken the guerrillas inside Lebanon. By choosing now to bomb targets where there is certain to be heavy loss of life among Lebanese civilians Mr Begin appears to be hoping that the population of Lebanon will turn more violently against the Palestinians.

The Palestinian presence is not popular with the majority of Lebanese and is particularly resented by the Right-wing Christian militias, who if the conditions were right, could be tempted to co-operate openly with the Israelis in driving the guerrillas out. Any such attempt would be a very bloody exercise and would be certain to draw in Syria which has nearly 30,000 troops stationed in Lebanon as the sole participants in the Arab Deterrent Force.

Mr Begin can, in addition, choose his moment for bloodying the nose of Syria's President Hafez al-Assad through the still unresolved issue of the missiles which have been deployed in Lebanon's Beqaa valley.

Mr Philip Habib, the special American Middle East envoy, successfully bought some time just by being present in the region. But the Israeli government is still pledged to remove the missiles by force if diplomacy proves fruitless. The suggestion on Syrian radio yesterday that President Assad was considering moving up missiles to protect Beirut could be just the sort of action which Mr Begin would use to justify broadening the conflict.

In the past five days, Israel has for the first time in the Lebanese conflict also embarked on a comprehensive programme of destroying vital communication links within the country. This almost certainly prompted the American warning last Friday that Mr Begin may be considering an assault by ground troops.

Mr Moshe Dayan and Mr Ezer Weizman, who were Foreign Minister and Defence Minister respectively at the time of the 1978 invasion, have both since written that the biggest mistake in that operation was not to destroy the bridges across the River Litani. This has now been done, along with other bridges across the Zahrani.

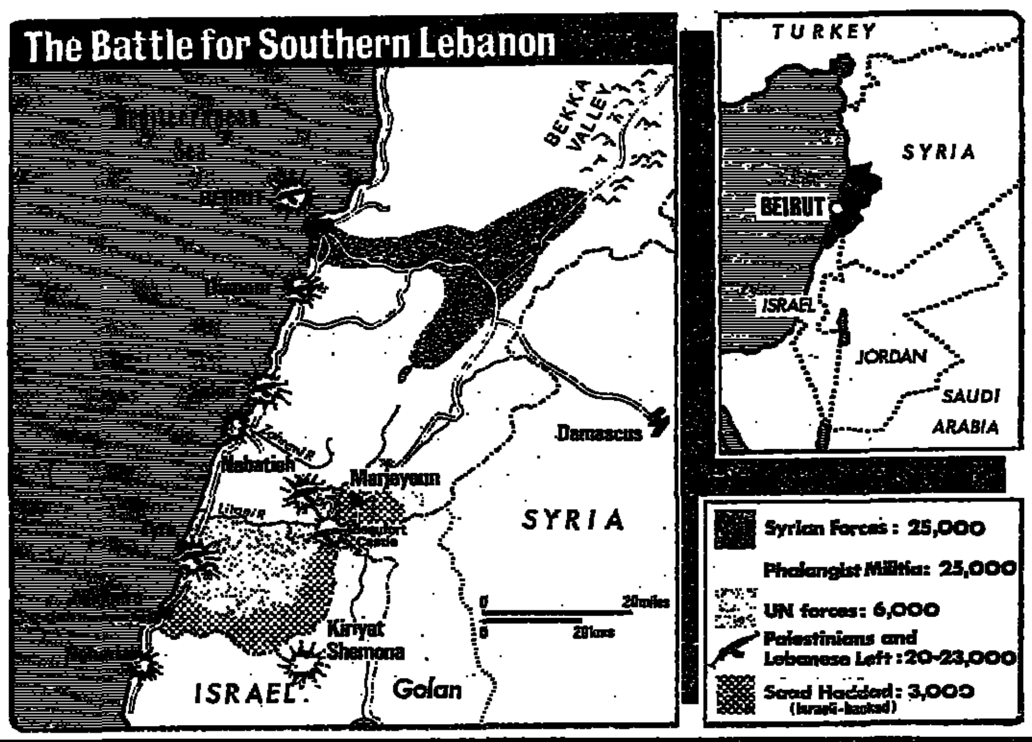
Slowly but steadily, more of Lebanon is being laid to waste. The port city of Tyre, already badly damaged by shelling and air raids, is now virtually cut off. Sidon, further north, is coming under repeated attack.

Having been driven out of Jordan in "Black September" 1970, the Palestinian guerrillas have nowhere to go where they could retain a degree of political independence and will therefore fight to the last. Mr Begin would undoubtedly like to push them into Syria where they would come under the effective control of the ruling Ba'ath Party. But that for the Palestinians would be little better than dying in Lebanon.

Just how far Mr Begin may be willing to take his military action probably depends on two main factors: the attitude of the U.S. and that of Egypt's President Anwar Sadat. It is a measure of Mr Sadat's anger at Israeli actions that he has offered to send Egyptian doctors to Beirut. But he is trapped by the overwhelming political imperative of regaining all of occupied Sinai from Israel in April next year. Until that happens, Mr Sadat seems sure to abide by the letter if not the spirit of the peace treaty.

Mr Begin is well aware of this and his army commanders could argue that the next six months offer the best possible opportunity for utilising Israel's overwhelming military superiority in the region.

The only real check to Mr Begin's ambitions is therefore the Reagan Administration. From the evidence of the past few months, and especially since the Israeli bombing of Iraq's nuclear reactor, there does not seem to be too much concern about this in west Jerusalem.




President Sadat: anxious to improve relations

Egypt to send medical aid

By Our Cairo Correspondent

EGYPT is to send a medical team to Lebanon to help treat the victims of recent Israeli air attacks.

Dr Osama el-Baz, the under secretary at the Foreign Ministry, said Egypt was answering an appeal for help from two members of the Palestine National Council.

There has not been any official contact between the Palestine Liberation Organisation and Egypt since President Sadat signed the Camp David accords with the U.S. and Israel. There is no indication that the Egyptian medical team will be allowed into Lebanon.

However, Mr Sadat is anxious for some improvement in relations with the rest of the Arab world. He was quick to sell arms to Iraq earlier this year when the Baghdad regime was searching for suppliers.

In an officially unrelated move it has also been reported in Cairo by the weekly newspaper Mayo that Israel's Premier, Menahem Begin, has postponed a planned visit to Egypt this month until Mr Sadat has been to the U.S. in early August.

Saddam prepares Iraqis for war front pullback

BY PATRICK COCKBURN

PRESIDENT Saddam Hussein prepared the Iraqi public yesterday for a possible limited pullback from the war front with Iran.

In a prolonged press conference Mr Hussein said that although the Iraqi army did not want to retreat "in my view we should pull back a few kilometres in many areas."

In Baghdad the President's statement was interpreted more as a tactical move designed to straighten Iraqi lines rather than an admission that the country was suffering politically unacceptable losses.

The Iraqis are believed by diplomats to have suffered about 10,000 losses in the 10-month war, although Iranian losses are estimated to have been much higher.

President Hussein admitted that some Iraqi units had suffered severely from the winter rains in the marshes north east of Abadan, but he denied that Iraq was facing any real military difficulties, even if the war lasted another "two or three years."

Iraq's military position is likely to be strengthened over the coming months through the agreement of the Soviet Union to resume supplies of weapons and spare parts. These were cut off when the war started last September. Iraq has been forced to rely on East European and independent suppliers.

Mr Hussein also sharply criticised French reaction to the Israeli raid on the Iraqi nuclear reactor. He said that "the French should have been clearer and more precise" in their denunciation of the attack.

Warning that a change of French policy towards Iraq and the Arabs by President Mitterrand would have an effect on trade and political relations, the Iraqi leader said that five years ago he had considered how to defend the reactor, possibly by having it built underground, but technicians—presumably French—had procrastinated on defensive measures.

In the past, Iraq has been closer to France than any other Western power. It was Baghdad's largest oil customer. Last year the Iraqis imported goods worth £500m from France, not including substantial arms deliveries.

President Hussein is clearly waiting to see if this relationship will be able to continue under the new administration in Paris.

Iran warns Moscow on 'adverse media coverage'

BY TERRY POVEY IN TEHRAN

IRAN WARNED the Soviet Union yesterday that relations between the two States could be damaged if adverse coverage of its political affairs in the Russian media continued.

Referring to some recent reports broadcast by the Russian state radio, Mr Behzad Nabavi, the Iranian Government spokesman, said they were false and that Iran was actively seeking an explanation for them.

The reports, Mr Nabavi added, showed that Soviet Radio would "in some cases go even further than the BBC, Voice of America and Radio Israel," in its broadcasting of reports "unfavourable to the Islamic Republic."

A Soviet report of the execution of eight Iranian soldiers who tried to desert to join Kurdish rebel forces was cited as an example.

While the Soviet Union has consistently supported the Tehran régime since the Revolution, the Iranian Government's statement is taken as a warning to Moscow that it should not try to hedge its bets by reporting rebel activity.

Fierce fighting was reported yesterday from Mahabad, one of the main cities in the Kurdish region of Western Iran.

Australia investment curb eased

By Patricia Newby in Canberra

THE Australian Government has lifted restrictions on the amount of money Australians can invest in overseas equities and real estate, but limits on fixed-interest securities are to remain.

The measure, announced by Mr John Howard, the Treasurer, is aimed at easing some of the balance-of-payments problems caused by the high level of overseas capital flowing into Australia for resources development.

Mr Howard said the Government had relaxed limits on overseas investment against a background of a net external surplus in the Australian financial year to June 30 of A$2.8bn (£1.7bn) — twice the Budget estimate and three times the 1979-80 surplus.

Previous limits on overseas investments by individual Australians in any financial year were A$40,000, including up to A$10,000 in fixed interest investment.

For private companies, the limit was A$250,000, including A100,000 in fixed interest investments. Public companies could invest up to A$2.5m, including A$1m in fixed interest investments.

The new measures are expected to please Australia's life assurance and superannuation funds, some of which are awash with money. But most observers believe there will be no dramatic outflow of capital from Australia.

In the financial year to June 30, a record A$6bn flowed into Australia from overseas investors.

Mr Howard said that while the injection of foreign funds was a positive demonstration of economic growth and confidence in the Australian economy, it was not without difficulties in domestic monetary management.

The Government has already allowed the exchange rate to appreciate and interest rates to rise. But the money supply grew by 12.8 per cent in the year to May—well ahead of the Government's target of less than 11 per cent a year.

Third strike paralyses Zambia copper industry

BY MICHAEL HOLMAN

A WILDCAT strike by locally-recruited skilled workers has brought wide sections of Zambia's vital state-controlled copper industry to a standstill for the third time in six months.

The strikers are demanding pay parity with expatriate staff, who traditionally have earned substantially more than their Zambian counterparts.

The Prime Minister, Mr Nalumino Mundia, yesterday held inconclusive talks to end the dispute with Mr David Mwila, chairman of the Mineworkers' Union of Zambia (MUZ), and Mr Frederick Chiluba, chairman of the Zambia Congress of Trade Unions (ZCTU).

The two state-owned companies, Nchanga Consolidated Copper Mines (NCCM) and Roan Consolidated Mines (RCM), produce more than 90 per cent of Zambia's export earnings.

NCCM's Konkola division returned to work only last week after a week-long strike over food supplies. In January this year an eight-day strike brought the copperbelt to a halt.

The two companies have a workforce of 55,000, producing some 600,000 tonnes of copper a year and more than 3,000 tonnes of cobalt.

The strike at Konkola cost kwacha 2.4m (£1.4m) in lost production, the company said.

The week-long strike, which ended on Monday of last week, included stone-throwing incidents, according to the Times of Zambia.

Konkola accounts for about 10 per cent of NCCM's annual output of about 360,000 tonnes of copper.

Apart from its vital economic role, the copperbelt has long been a source of opposition to President Kenneth Kaunda. The trade union movement has been especially critical of the Government's socialist policies and Mr Chiluba and Mr Mwila have been particularly outspoken.

Further unrest hits South African mines

BY STEVEN FRIEDMAN IN JOHANNESBURG

FURTHER UNREST hit South African mines at the weekend as 2,000 workers at the Rand Mines' ERPM gold mine at Boksburg near Johannesburg went on strike.

In another incident six black miners were killed and 20 injured at the Western Areas gold mine at Westonaria, in what a management spokesman described as "inter-tribal violence".

At ERPM (East Rand Proprietory Mines), miners struck in protest at a 15 per cent wage increase they were granted earlier this month. They were also unhappy about the introduction of a new contributory death benefit scheme in the mining industry.

Worker discontent at the new death benefit scheme was the cause of last week's violence at the President Steyn mine at Welkom.

The weekend's unrest at ERPM resulted in a few stoning incidents but a company spokesman said damage had been "minimal". He added that production had not yet been affected, but that it could be hampered if the strikes continued today.

By yesterday evening management was holding talks with workers in one of the mine compounds.

According to the company they were being told that if they were unhappy with the wages at the mine they would be allowed to break their contract and transfer to any other mine in the industry. But strikers who refused to work today would be dismissed, the spokesman added.

At the Elsburg section of Western Areas Mine, owned by the JCI group, a mine compound was destroyed. The section is currently limited to sampling operations.

Rand Mines quarterly results, Page 23

S. Korea's first-half exports on target

BY ANN CHARTERS IN SEOUL

SOUTH KOREA'S economy, expected to rebound from last year's 20-year low to 6-7 per cent growth in gross National Product this year, was right on target with first-half exports, although the strengthening dollar is causing some concern for the remainder of the year.

According to figures from the Economic Planning Board, exports at mid-year reached $10bn (£5.2bn), well along the way towards this year's goal of $20.5bn — which, it is hoped, will fuel the country's slow climb out of recession.

An unusually high demand for textiles in the first half, as well as healthy increases in exports of iron and steel products and shipbuilding, were responsible for most of the gain.

Exports are up 27 per cent over the same period last year. Heavy industrial exports almost matched light exports through June in value terms at $4.2bn and $4.9bn respectively, and are growing faster, at 28 per cent, as against 26 per cent for the light exports.

Prospects for exports in the third quarter are sluggish, although government officials remain optimistic about this year's goal. Letter-of-credit arrivals have been down since May, due to seasonal factors and the earlier peak demand for textiles which nearly filled quotas in Korea's traditional markets.

The strengthening dollar is having an adverse effect since practically all export goods are priced in the U.S. currency. Even though some payment is made in yen or D-Marks, 90 per cent of the letters of credit are dollar-denominated.

According to a Ministry of Commerce and Industry trade official, this means that South Korea's manufactured goods are becoming more expensive in Japan, the EEC and elsewhere, contributing to the current slowdown in letter-of-credit arrivals.

June letter-of-credit arrivals, for example, were up only 9 per cent over last year. It also means that South Korean products are relatively less competitive than EEC or Japanese goods in such markets as the U.S.

A loss in the competitiveness of South Korea's exports because of a strong dollar is particularly bitter medicine after the Government's 36 per cent devaluation of the Won last year.

This was designed to recapture international markets for Korean goods. The Government appears determined, however, to limit what it calls "imported inflation" by limiting devaluation.

This is designed to permit manufacturers better to control the cost of goods produced, by limiting the cost of imported components, and enabling products to be priced attractively for the domestic as well as international markets.

It is still too early to tell, however, whether or not the Government will be able to stick to its 5-7 per cent devaluation target for this year.

Government officials profess to be satisfied with the pace of the economic recovery, which although slow with little domestic investment to date, has continued to show increases in industrial production since last October.

Efforts have been made to engineer a recovery which keeps wholesale and consumer prices from rising more than 25 per cent.

AMERICAN NEWS

THE ALCHEMY OF OTTAWA

Leaders welcome chance for face-to-face talks

BY JOHN WYLES IN OHAWA

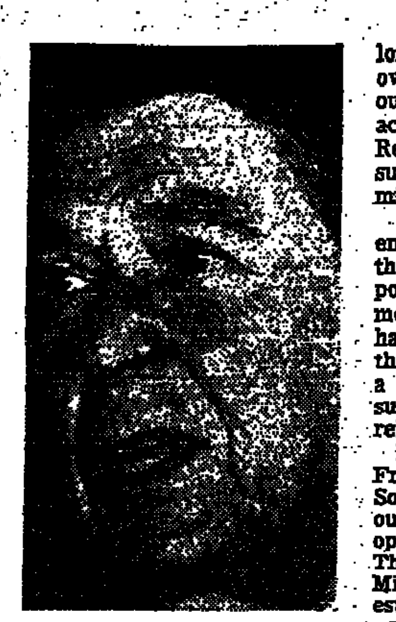
SUMMITS, politicians believe, have a mysterious alchemy all of their own. No matter how serious the disagreements or intractable the issues, summit theology holds that face-to-face contact between allies restores vigour to the most ailing relationship.

The desire for a "cordial exchange of views" is even stronger when more than half the participants have not met each other before, as is the case with the current summit of western leaders in Ottawa. Thus, the seven heads of government have been tripping rhythmically from one bilateral meeting to another in a modern political equivalent of a stately 18th-century dance.

As they are also spending more than a dozen hours in full plenary sessions, the volume of talk compressed into two days is staggering, all the more so when it is remembered that the four European Heads of Government began the political dance on Sunday, almost as soon as their feet touched Canadian ground and, undeterred by such minor considerations as jet-lag and accumulated fatigue.

The gobbets of information handed to the Press hardly seem to justify all the effort put into these bilateral sessions. Everyone's position has been well publicised before arrival in Ottawa, and the public accounts of the conversations generally point to little more than a restatement of known attitudes.

Nevertheless President eagan was apparently happy to hear Chancellor Helmut Schmidt of West Germany and President Francois Mitterrand of France agonise about the pain inflicted on Europe by the strong dollar and high U.S. interest rates. In turn, Herr Schmidt and M Mitterrand were content to share Reagan's hopes that U.S. rates might soon start to decline as the rate of inflation falls.


Mr Reagan: sympathetic hearing for allies

But, as always, the politicians are performing as much for their domestic publics as for each other. Highly paid spokesmen are paid to put the special gloss on accounts of the bilateral meetings to impress that opinion.

M Mitterrand is a Socialist, but he is now the French President, so the French briefing of his meeting on Sunday with Mr Reagan was emphatically about an encounter between world powerse whose approach to the issues discussed had been deliberately one of "hauteur."

With dignity soaring to such lofty heights, a visceral clash over interest rates was obviously out of the question. Yet accounts of the hour-long Reagan-Mitterrand encounter suggests the value of the summit sessions.

Neither man has much experience of world affairs, both are the products of very different political cultures. From their meeting, however, each must have gained a sense of how the other does business and of a genuine mutual desire for a successful Franco-American relationship.

Bearing in mind the fervent French attachment to the North-South dialogue, Reagan went out of his way to detail developing U.S. programmes for Third World countries, while Mitterrand's concerns on interest rates were modulated by sympathy and understanding for Reagan's economic objectives.

Meeting Mrs Thatcher over breakfast yesterday, Mr Reagan did not have to worry about bridging philosophical differences. Suspicions among the 2,500-strong Press corps that this meeting might have been an important one have been fed by the reluctance of both sides to give any account of what was discussed during the 40-minute tête-à-tête.

Ireland and its hunger strikers, the Press were told, was not broached by President Reagan despite Dublin's request for his personal intervention. Mrs Thatcher and the President had met as recently as February. So why was it necessary for their face-to-face meeting to last twice as long as scheduled? Clearly, there is more to these summit bilaterals than meets the eye, but it may take months to learn what it is.

Congress urges nuclear initiative

BY DAVID BUCHAN IN WASHINGTON

CONGRESS has called on President Reagan to back up his new nuclear non-proleferation guidelines with a diplomatic initiative to re-open negotiations with other nuclear supplier countries towards stopping the spread of bomb fuel and technology.

A Senate resolution passed by 89 votes to 0 urged that a new conference of leading nuclear suppliers should put a temporary ban on transfer of fuel enrichment and reprocessing equipment to sensitive areas such as the Middle East and south Asia, limit the size of research reactors and the use of highly enriched uranium in them, and impose safeguard inspections on all nuclear facilities in a recipient country.

The Senate move, matched by a similar resolution in the House of Representatives, came as President Reagan left for the Ottawa summit. Non-proliferation is a topic which the President may raise with his counterparts, U.S. officials said, though it was not at the top of Mr Reagan's agenda.

The world's major nuclear powers, apart from the Soviet Union and Switzerland, are represented at the Ottawa summit. These countries formed the nucleus of the group of supplier states which met in the mid-1970s under the label of the London Club.

The "club" has not convened since 1978, though many supplier countries, including the U.S., see a need to tighten loopholes through which states like Pakistan have apparently been able to buy all they need to build a bomb.

Non-nuclear countries have complained that the "club" smacked of a suppliers' cartel, a charge to which Reagan Administration officials have said they are sensitive. Thus, if the suppliers meet again, it may be in another guise.

Senator John Glenn, prime author of the Senate resolution, has criticised the Reagan non-proliferation guidelines, made public last Thursday, as weak, vague and ambiguous. In fact, criticism has centred less on the seven-point guidelines, which are broad enough to be interpreted in several ways, than on what Senator Glenn has called the Administration's "passive stand"—its unwillingness to take the international lead on non-proliferation.

Former President Carter named a top expert, Mr Gerard Smith, who negotiated the Salt 1 treaty with Moscow, as his special non-proliferation ambassador. President Reagan has let the job lapse, as a clear signal that he does not intend to make as much fuss over non-proliferation as his predecessor.

This approach is evidently not going down very well on Capitol Hill where, for all the political changes of the 1980 election, legislators seem as concerned about non-proliferation, if not more so, as when Congress passed the 1978 nuclear non-proliferation Act.

Fast breeder project criticised

BY OUR WASHINGTON CORRESPONDENT

THE CLINCH RIVER project in Tennessee, which is the U.S. Government's biggest stake in advanced nuclear power technology, has been mismanaged fundamentally and has absorbed unwarranted amounts of time and money, according to a congressional study released this week.

Singled out for special criticism are contracts written by the Government with Westinghouse, the prime contractor for the fast breeder reactor, which is designed to make more plutonium fuel than it burns.

The House of Representatives energy subcommittee hired Mr Ernest Fitzgerald, an air force consultant made famous for his exposure of Lockheed cost overruns in the early 1970s, to help with its Clinch River study.

"I think is was very decent of Westinghouse to do any work," Mr Fitzgerald noted acidly yesterday, "because it is not clear they have to do anything at all under these contracts."

The report claimed that the contracts failed to impose any binding provisions on Westinghouse for cost, timetable and technical performance. Energy Department officials, however, retorted that flexibility had been necessary since the Clinch River technology had never been tried in the U.S. before.

Ironically, the criticism of Clinch River from Congress coincides with support for the controversial project from the White House. In his lean 1981-1982 budget, Mr Reagan left $250m for Clinch River. This is in complete contrast to the Carter years, when Mr Carter persistently tried to kill the project on the ground that the U.S. had enough natural uranium not to have to breed more artificially.

The new Reagan policy is that the federal Government should leave most energy decisions and financing to free market forces. Its energy plan, released last week, states: "Public spending is appropriate (and will continue) in long-term research with high risks, but potentially high pay-offs."

The sub-committee report complains that the fast breeder reactor, which was supposed to be a demonstration project, will now cost $3.2bn, way above its original estimate of $669m, and that it will be finished by 1990, not 1979 as originally promised.

New deal sought for U.S. postal workers

By David Lascelles in New York

THE U.S. postal service and mail workers were last night trying to put together a new wage agreement in time to meet a midnight deadline. But though the postal workers threatened a strike unless their demands were met, a walk-out entailing disruption of the mail service seemed unlikely.

"We don't expect a strike," a spokesman for the postal service said. Union leaders also indicated that they would delay a strike as long as negotiations seemed to be making progress. Postal workers were instructed to stay at work last night unless they received specific instructions.

Postal workers are barred by law from going on strike and the postal service reminded them yesterday that they would face arrest if they walked off the job.

The postal service is trying to get mailmen to accept a three-year wage freeze,

Democrat offer on tax Bill rebuffed by Reagan

BY OUR WASHINGTON CORRESPONDENT

THE REAGAN Administration has rebuffed the suggestion by a key Democratic congressman that Democrats could well vote for a three-year tax cut if the third-year reduction were made contingent on future progress in the U.S. economy.

However, the Treasury is reluctantly ready to accept a controversial move by Senate Republicans to index from 1985 onwards the level of income-tax brackets to the rate of inflation.

This would not take effect until the end of President Reagan's current term in office. It is not clear, though, that indexing would survive a tax Bill conference with the House of Representatives which has not so far backed the automatic tax adjustment.

Mr Dan Rostenkowski, chairman of the House Ways and Means Committee, said over the weekend that he believed he could get fellow Democrats to support a tax cut extended from two years to three, if certain economic conditions were met in the third year.

These conditions were that the Reagan Administration should fulfill its forecast made last week for 1983: a budget deficit of $23bn or less, average inflation below 7.5 per cent, and interest rates on Treasury securities at 7.5 per cent or less.

The Administration quickly retorted that, if it tilted the tax cuts towards the $15,000-$50,000 annual earners, as Mr Rostenkowski and the Democrats also insist, it could not possibly meet its targets.

"There is no way we can get to our targets using his Bill," a spokesman said, arguing that only flat-rate reductions for all earners would yield the extra savings and investment needed to beat inflation and revive the economy.

It thus seems increasingly likely that the fate of the tax Bill will be resolved in a fight on the floor of the House of Representatives.

Russia seeks new credit deal in pipe talks

BY KEVIN DONE IN FRANKFURT

THE SOVIET UNION and a West German banking consortium are to make a fresh attempt this week to reach a breakthrough in the DM 10bn (£2.2bn) credit talks for the financing of West German pipes and equipment deliveries for the planned 5,000 kms natural gas pipeline from Western Siberia to Western Europe.

A Soviet delegation headed by Mr Yuri Ivanov, chairman of the Soviet Foreign Trade Bank, begins talks today in Duesseldorf with the Deutsche Bank, which is leading the consortium of 14 West German banks that has been trying for more than a year to put together an acceptable credit package.

The latest discussions are taking place despite the growing concern being voiced by the U.S. about the dangers involved in Western Europe, and West Germany in particular, becoming over-dependent on Russian energy deliveries.

Mr Ronald Reagan, the U.S. President, took the opportunity of preliminary talks at the Western economic summit in Ottawa yesterday to underline U.S. fears to West German Chancellor Helmut Schmidt.

According to the West German Government spokesman, Herr Kurt Becker, the U.S. has even gone as far as to offer the Federal Republic alternative energy supplies to compensate for any withdrawal from the Soviet project. No details were given as to how this could be achieved.

West Germany has again stated that it sees no "unreasonable risks" arising from the scheme, which would involve annual deliveries of around 40bn cubic metres of natural gas to Western Europe, of which some 12bn cubic metres a year would come to the Federal Republic.

Herr Schmidt stressed that even with the additional Soviet gas deliveries, Russia would be supplying only some 5.5 per cent of West German primary energy consumption as against some 3 per cent at present.

Previous rounds of the financing talks between West German banks and Moscow have foundered on the Russians' unwillingness to meet the present high level of West German interest rates. The banks had to go back on a preliminary accord reached in January when interest rates soared to record levels making the agreed rate of 9.75 per cent untenable.

The banks are now understood to be exploring ways of breaking up the massive DM 10bn credit into smaller portions, part of which may be arranged as supplier credits.

Deutsche Bank, the consortium leader, would make no comment on this week's talks. But it is understood from banking circles here that other banking consortium members, or some of the potential industrial suppliers could be called into the talks at a later stage if the Deutsche Bank team, led by Dr Wilhelm Christians, co-speaker of the Deutschebank board, feels that sufficient progress has been made.

Even if new agreement is reached on the financing, however, the question of the gas price still remains unresolved.

Ruhrgas, which is leading West German negotiations on the gas pricing said yesterday that the two sides were still far apart.

"We will not buy at any price," said the company. "We are in no hurry and do not feel ourselves under an ypressure from the forthcoming visit of Mr Leonid Brezhnev." The Soviet leader is due to visit the Federal... Republic ...in ...late autumn, which is leading to speculation here that Moscow would like to have the deal tied up before the end of the year.

Ruhrgas said that the scheme would "stand or fall" on the gas price. This factor was far more important than the financing or equipment negotiations.

The first demands from Moscow for parity between natural gas and crude oil prices has now been overcome, but there was still a large gap separating the two sides.

Brazilians sign $220m rail loan

PARIS — The Brazilian Urban Transport Authority EBTU, has signed a $220m deal with a group of five French and Arab banks to help finance a metropolitan railway system in the region of Belo Horizonte, Brazilian officials said yesterday.

The deal is split between a $120m eight-year Euroloan at 2¼ per cent above the six-month London interbank offered (Libor) rate, which is the current rate for Brazil and a suppliers' credit in French francs of $100m equivalent with an average 1½-year grace period and 10 years for repayment.

The Brazilian mission, led by Sr Antonio Delfim Netto, the planning minister, expressed satisfaction with the application of the FFr1.83bn credit for French equipment signed last January and hoped a similar deal could be concluded next year.

Reuter

AP-DJ adds: A consortium of French companies led by Campenon Bernard, a public works concern, has been awarded a contract to carry out the civil engineering work on the Guavia hydroelectric power station, 70 kilometres east of Bogota.

The project envisages construction of a 1,600-MW power station and will cost an estimated $170m.

MFA RENEWAL NEGOTIATIONS

EEC-Third World talks end in deadlock

BY BRIJ KHINDARIA IN GENEVA

THIRD WORLD textile exporters have told the European Community that they will not sit down with the Community one by one to reach separate deals regulating their exports unless a new international treaty governing world trade in textiles and clothing is first completed.

The statement made in Geneva yesterday strikes at the heart of the Community's position voiced last week in negotiations here to renew the controversial Multifibre Arrangement (MFA), which governs the world's textile and clothing trade.

The Third World's stand may also jeopardise the interests of hard-pressed textile and clothing makers in Britain, France and Italy by reversing the procedure used when the current MFA was completed in 1977. The Community then protected those key producing nations by first reaching bilateral agreements with each Third World exporter to prevent disruption of home markets by low-cost imports.

Mr Horst Krenzler, the EEC negotiator, said in Geneva on Friday that the MFA's renewal would again depend on satisfactory conclusion of similar bilateral accords.

But speaking for the MFA's 27 developing country exporters, Sr Felipe Jaramillo of Colombia replied that there was no question of untimely consideration of bilateral agreements until the multilateral framework for such agreements "has been finalised."

Although actual trade between any two MFA members is ruled by bilateral agreements, the MFA has traditionally served as the international treaty setting the minimum conditions that each bilateral deal must satisfy.

The current MFA expires at the year end and the opening round of talks to renew it were discussed in the textiles committee of the General Agreement on Tariffs and Trade (Gatt). The week-long discussions ended yesterday.

Sr Jaramillo said yesterday that developing countries were "totally against a system of trade based on discrimination" between richer and poorer nations. In times of trouble the Community should first cut back imports from richer countries such as the U.S., Switzerland and Austria.

The Third world position is the first indication yet of the steps the developing nations would take to influence a new MFA.

In recent years the Community has used bilateral agreements to give developing countries lower growth rates for exports than industrialised nations arguing that Third World products are unjustly cheap because wages are much lower than in the EEC.

The Community has also used such agreements to skirt round an MFA rule that each developing country should be allowed a minimum 6 per cent growth rate for its textile and clothing exports. It has used a new clause added to the current MFA allowing "reasonable departures" from that stipulation to protect ailing home industries.

But Sr Jaramillo tried to close the door to such cutbacks saying that the continuation of "reasonable departures cannot be contemplated in any form or shape, whether explicitly or by implication."

However, he did not close the door to the use of import curbs in emergency situations.

Having failed to make any progress on how to run future textile trade, the big consuming states and the developing exporting countries have now adjourned until September 21 talks on extending the MFA.

Australian trade war threat, Page 31

Swedish ombudsman bars curbs on Japanese cars

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

MR TORSTEN LÖWBEER, Sweden's ombudsman for freedom in business, has opposed the erection of Swedish trade barriers to imports of Japanese cars.

The Swedish Association of Engineering and the metalworkers' union expressed concern in a letter to the Government earlier this year about the threat from Japan to Sweden's car makers, Volvo and Saab.

Mr Nils Aasling, Industry Minister, said he was watching the Swedish car market closely. The Nordic area could offer the only unprotected market for Japanese cars, as other countries won agreement from Japanese car manufacturers to restrict exports.

Mr Björn Molin, the new Trade Minister, said last month he hoped for a "voluntary" agreement.

However, Mr Löwbeer said any import restrictions threatened Swedish industry, for which free competition on world markets remained the driving force. Mr Löwbeer is also chairman of the Organisation for Economic Co-operation and Development's committee on free competition.

The Japanese had not won market share from the Swedish car industry but from foreign manufacturers, Mr Löwbeer said. Within the framework of free competition the Swedish industry should have the capacity and resources to maintain its position, although it could expect the trend towards mergers and bigger manufacturing units to continue.

The ombudsman approved recent agreements between Volvo and Renault under which the French state concern bought a 15 per cent stake in Volvo Car Corporation when it handed over its Scandinavian distribution network to the Swedish company. Renault's share of the Swedish market had sunk to 2.7 per cent.

Air Florida jet order worth £20m for R-R

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE will benefit by more than £20m from an order by Air Florida of the U.S. for three Boeing 757 jets, with another three on option, using Rolls-Royce RB-211 Dash 535 engines.

The deal, announced in London yesterday by Mr Eli Timoner, Air Florida president, is worth more than $200m (over £100m), including aircraft, engines, spares and support equipment.

At the same time, Air Florida has bought five Boeing 727-200 jets, worth $85m, for delivery this autumn.

The first three Boeing 757s are due for delivery in September and October 1983. They will use the "C" version of the RB-211-535 at first, but will be re-engined later with the more powerful E4 version. The three aircraft on option will be delivered in 1984 and have the E4 version from the start.

The deal brings to 135 the number of 737s ordered, with 62 on option. Of these 60 firm orders and 50 on option will have Rolls-Royce engines, the rest using the rival Pratt and Whitney PW-2037 engine.

Mr Timoner, whose airline is one of the fastest-growing in the U.S., said the Boeing 757s would be used on routes connecting Florida and the north-east U.S., including Newark, Boston and La Guardia, New York.

Air Florida is planning to take over Western Airlines, another U.S. domestic and international operator. If the acquisition is completed, Mr Timoner believes further Boeing 757s would be acquired (also with Rolls-Royce engines) for Western's routes.

Mr Ralph H. Robins, Rolls-Royce sales director, said that work on developing the Dash 535 was on schedule. More than 4,000 hours of development running had been completed, and the flight-test programme with one engine installed in a Boeing 747 Jumbo jet "went better than any other programme in Rolls-Royce history."

Mr Timoner said Air Florida was applying for a new transatlantic route between Newark (New Jersey) and Gatwick, which it hoped to start next year, using DC-10 jet airliners.

Mark Meredith adds: Caledonian Airmotive, a sister company of British Caledonian Airlines has won an 18-month contract to service the engines on EgyptAir's A300 B4 airbus aircraft.

According to Caledonian, the contract would be worth between £75,000 and £125,000 per engine.

Caledonian Airmotive, based in Prestwick, Scotland, will overhaul and repair the General Electric CF5-50 engines for Egyptair.

Mr Adam Thomson chairman of the Caledonian Aviation group, said the order was won in competition with France, West Germany, Netherlands and the U.S.

Egyptair has two of the twin-engined A300-B4 airbuses but is to expand its fleet in the near future.

Philippines forces KLM to cut flights and seats

BY CHARLES BATCHELOR IN AMSTERDAM

KLM, the Dutch national airline, has been forced to reduce capacity on a second Far Eastern route under a new aviation agreement reached with the Philippines.

The Dutch company is already in dispute with three other airlines, all of which are seeking to limit its activities or extend their own services.

Under the new agreement KLM will be allowed two weekly flights which must both terminate in Manila. Under the present agreement, which expires next month, KLM is allowed three flights, two of which go on to Tokyo.

KLM must reduce the number of seats offered to Manila to correspond to the number of a DC-10 from that of a Boeing 747. The airline said it would probably continue to fly 747s and simply reduce the number of seats sold. It will maintain its Tokyo flights but drop the Manila stopover.

KLM said the capacity reductions were agreed during routine renegotiation of the airline agreement. The pressure put on the company by a number of foreign rivals reflects tougher competition between airlines, KLM said.

KLM's disputes with other airlines have not been conducted as amicably. The Indonesian Government has taken what KLM described as an "unusual and unprecedented step" in withdrawing permission for the Dutch company to overfly its territory in an attempt to get extra flights to Amsterdam for Garuda, the Indonesian airline.

Lufthansa, the West German airline, has terminated a 14-year-old pool agreement with KLM and removed KLM's flights from its booking system in protest at a new service between Amsterdam and Stuttgart.

The Netherlands is in dispute with Israel over flying rights. KLM has stopped one of its five weekly flights to Tel Aviv under pressure from El Al, the Israeli national airline, which wants to increase the frequency of its own service.

'Trouble shooter' establishes asset base worth £3m

STEVE BUXTON is a 28-year-old who has earned £500,000 in one year. He drives racing cars and has just bought a Peterhead Harbour site for £2.8m.

Mark Meredith reports on the man who has taken Scotland's offshore contract market by storm

He has made a name for himself as an industrial trouble shooter, taking over steel fabrication contracts that have fallen behind schedule and completing the work in record time.

His story, including his new acquisition in Peterhead Harbour close to North Sea oil operations, will probably make a case study on risk taking.

Two Scottish financial institutions have agreed to back him in his biggest undertaking yet. The Edinburgh investment house, North Sea Assets, has taken a £1.65m equity stake to back the Peterhead purchase, with the rest coming from the British Linen Bank.

Buxton's business attempts started off shakily. A garage business he started when he was 21 went into liquidation — and he began moonlighting while working for Motherwell Bridge Contractors.

Another oil based company, Santa Fe, then awarded him a contract to build 100 flotation tanks. With a gang of welders, a hired garage and a £10,000 advance from Santa Fe, Buxton made £68,000 profit from the job. Shortly after this he was issued with an eviction notice by the local council because of the steel fabrication noise which had gone on non-stop for six weeks.

Buxton's name was spreading. A Greek shipowner brought him a salvaged acid carrier and he recreated a serviceable ship out of the twisted mess.

Buxton formed his own company in 1977, SB Offshore, and leased Granton Harbour, a rundown port a few miles west of Leith Harbour in Edinburgh.

Work started pouring in. The British National Oil Corporation found work falling behind on seven modules for the Beatrice Field and awarded the contract to Buxton. Many more contracts were to follow.

But his finances were geting out of hand. He had earnings of £500,000 and faced the prospect of losing it in corporation tax. His money was channelled through one account at a local bank in the Leith district of Edinburgh.

His bank manager advised him to see Peter de Vink, a Dutch financier living in Edinburgh. De Vink counselled him to establish an asset base and helped him purchase a small container company in Dunbar.

Buxton then purchased a small tugboat company and augmented the fleet by buying and restoring two sea-going tugs which had been driven aground in Dubai.

De Vink had heard that British Oxygen might be ready to sell off Peerhead Base, an offshore supply harbour.

The port offered a logical extension to Buxton's operation—Fabrication yard, quay, office block, fuel storage and cranage.

Buxton had built up an asset base worth £3m North Sea Assets, which is managed by Ivory and Sime—an Edinburgh investment house, offered to take a 25 per cent stake in SB Offshore for £750,000 and subscribe to an issue of £900,000 unsecured loan stock. The remaining £1.6m to cover the purchase and provide some working capital came from the British Linen Bank.

Mr Steve Buxton

Alcan productivity rises

AN £11.5M project to double output of a new high-strength aluminium alloy plate for the aerospace and defence industries at Alcan Plate Birmingham is being accompanied by a big increase in productivity.

In the first six months of this year, when round-the-clock working was introduced in place of weekend overtime, productivity has increased by 30 per cent.

This is on top of a 40 per cent improvement achieved in the comparable months of 1980 over 1979. In five years the labour force has been cut from 1,300 to 975 by voluntary redundancy.

Further gains are looked for as Alcan Plate reaches an output of 2,000 tonnes a month, twice the previous production rate.

Alcan Plate is a major supplier of airframe components for the Tornado, Airbus, A310 and A300.

It also expects to supply the Harrier GR5, the British Aerospace 146 and the European combat aircraft.

Lifting spirits in Raasay

BY MARK MEREDITH

A KIND of darkness has lifted from the Isle of Raasay off Skye. The first hotel and licensed premises for 21 years have been opened to revive the spirits of the islanders—and attract the curiosity of tourists.

Dr Samuel Johnson once described the isle as "the Jewel of the Hebrides" but of late Raasay's fortunes have been in decline. Of the 1,000 population some years ago, only 150 remain.

The hotel's closure in 1960 and the sale of key properties to an absentee landlord brought a new gloom.

Dr John Green, a retired pathologist from Sussex, refused the entreaties of the Highlands and Islands Development Board to improve the island. Tourism waned and fishing deteriorated.

After Dr Green's death, the board purchased the land

Clothing groups unite

BY MAURICE SAMUELSON

BRITAIN'S troubled £3bn clothing industry is to have a single voice in seeking Government help against foreign competition.

From next January, the six leading manufacturing associations will cease to exist and their interests will be represented by the British Clothing IIndustry Association, set up a year ago.

The move is intended to strengthen the industry's lobbying power during negotiations or the third Multi Fibre AArrangement (MFA).

The association believes it has more chance of getting its views across now that the Government has set up a working party to discuss Britain's position in the negotiations.

Mr Gerald French, the association's director, said yesterday that a limit had to be set on the total amount of imports the UK and EEC could absorb.

University seeks industry help against cuts

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A DRIVE to enlist industry in freeing technological universities from domination by the traditional academic establishment was launched in London yesterday by supporters and staff of the University of Salford.

The unprecendented step follows the University Grants Committee's decision to cut 40 per cent from Salford's state grant and 30 per cent from its student numbers by 1983-84. Nearly 200 companies have subscribed to an advertisement, to appear tomorrow, attacking the cuts planned for the institution.

Although the campaign is confined to Salford, discussions have begun on extending it to other technological universities—such as Aston and Bradford—severely affected by the commitee's plan for cuts.

Ford, ICI, Samuel Montagu, Midland Bank and Mather and Platt are among companies already in support, said Mr Tom Lunt, chairman of Salford University's governing council. He is also staff manager of Ferranti which, with GEC-Marconi Electronics and Ward and Goldstone, initiated the drive for industrial help.

The first object of the campaign is to persuade the Government to use its power to make the University Grants Committee alter the secret strategy under which Salford and other institutions formed to aid industry bear the brunt of economies in public spending on higher education.

"It must be wrong to take a decision which could mean closure of whole departments in an institution whose contribution to industry and commerce in its region is second to none," said Sir Robert Telford, managing director of GEC-Marconi Electronics.

But the longer-term aim is to engage managers of business and public service organisations in co-operating with academic staff to shape Salford to meet the requirements of the wealth-generating sector in the future.

"This is not a fund-raising organisation for Salford," said Dr John Ashworth, chief scientist with the Central Policy Review Staff who will become vice-chancellor of the university in September. "Its purpose is to help guide and advise the university and myself during the reconstruction."

The guidance required had certainly not been supplied by the University Grants Committee, Dr Ashworth said. The last major visit by the committee to Salford had been in 1975, and its last review of the university's technological work had been in March 1970.

"In any case," he said "I am damned if I see why I should take much notice of the views of those who seem to have such little knowledge of what a technological university like Salford is about or who seem to have such a perverse perception of national needs and priorities."

He added that the grants committee's plan for Cambridge University specifically encouraged the continuation of work in Sanskrit and Hungarian.

The equivalent plan for Salford included a "substantial" decrease in biological sciences, "significant" cuts in physical sciences and engineering and reductions in business management studies.

Land shortage 'may lead to house price rises'

BY MICHAEL CASSELL

SERIOUS land shortages could lead to sharply rising house prices, according to the Federation of Master Builders.

A national survey on land availability conducted by the federation shows that 85 per cent of house builders are experiencing an acute shortage of land. About half of them said their land banks would sustain a construction programme for less than a year.

The builders emphasise that the difficulties are to be assessed against a background of low output. They point out that, given an increase in demand for private housing, costs and selling prices would rise substantially.

The federation's report says that, on average, between 25 and 30 per cent of the selling price of a house relates directly to the cost of the land involved.

The survey was carried out by the federation in response to a continuing disagreement between the house building industry and the Government over true land availability. With house building down to very low levels, the question of land supply is not of immediate concern—but the industry is worried about potentially serious shortages after demand picks up.

The Government has consistently claimed, on the basis of statistics supplied by local planning authorities, that sufficient land is available to enable the house builders to maintain output at high levels.

But the housing industry rejects the claim. It says that, despite Government action to step up the release of land owned by local authorities, progress has been slow. Builders emphasise that much of the land classified as available is not suitable for housing development.

The federation's report adds: "If builders are hard-pressed for land, they will obviously step up competition for whatever is available in order to remain in existence. This competition will intensify with any growth in demand for housing.

"No one wants a repeat of the serious and sharp increase in prices which occurred in 1972-73. Yet that may happen if action is not taken to ensure that sufficient land is available at a reasonable price."

● The house evaluation limit under the option mortgage guarantee scheme — an indemnity scheme which enables borrowers to obtain high percentage loans from building societies—is being raised from £14.000 to £20,000. Advances can be up to 100 per cent of valuation

Labour study criticises council housing 'ghettos'

BY MICHAEL CASSELL

GOVERNMENT policies are aimed at reducing the public housing sector into a "stigmatised ghetto for the poor," according to a Labour Party discussion document published yesterday.

The document, which is not a statement of party policy, says the Conservatives are now engaged in a "savage attack" on the council housing sector, having withdrawn from the post-war consensus on the need for substantial public involvement in the provision of homes.

The "disastrous effects" of the Government's approach are, according to the document, already beginning to materialise. It says these include the surplus of properties over households set to deteriorate sharply by the mid-1980s, growing waiting lists and an improvement programme falling behind the rate of deterioration.

Mr Allan Roberts, MP for Bootle, who helped to produce the document, predicted that a Labour government faced a "horrendous" situation when it came to tackle public housing. "Ghetto" housing would become a widespread reality and was already in evidence in some inner cities. It was one factor, he added, behind the recent disturbances.

The discussion document says that the next Labour government would need to implement alternative policies for the public housing sector.

The Future of Public Housing. £1; 150 Walworth Road, London, SE17 1JT.

Kilroot power station 'could be mothballed'

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT and the Northern Ireland electricity service are reported to be considering whether to mothball the 600 Mw first phase of Kilroot power station near Belfast until 1990 because of low demand for power.

The option is put forward in the report on future energy needs prepared by the electricity service. Electricity demands has fallen with the decline in ... locally.

The first phase of Kilroot, consisting of two 300 Mw generators, is already partly operational. The second phase, of similar size, was shelved earlier this year.

The mothball option is said to be one of three suggestions in the confidential report, part of which was disclosed yesterday by Mr Sean Neesom, economics spokesman for Northern Ireland's non-sectarian Alliance

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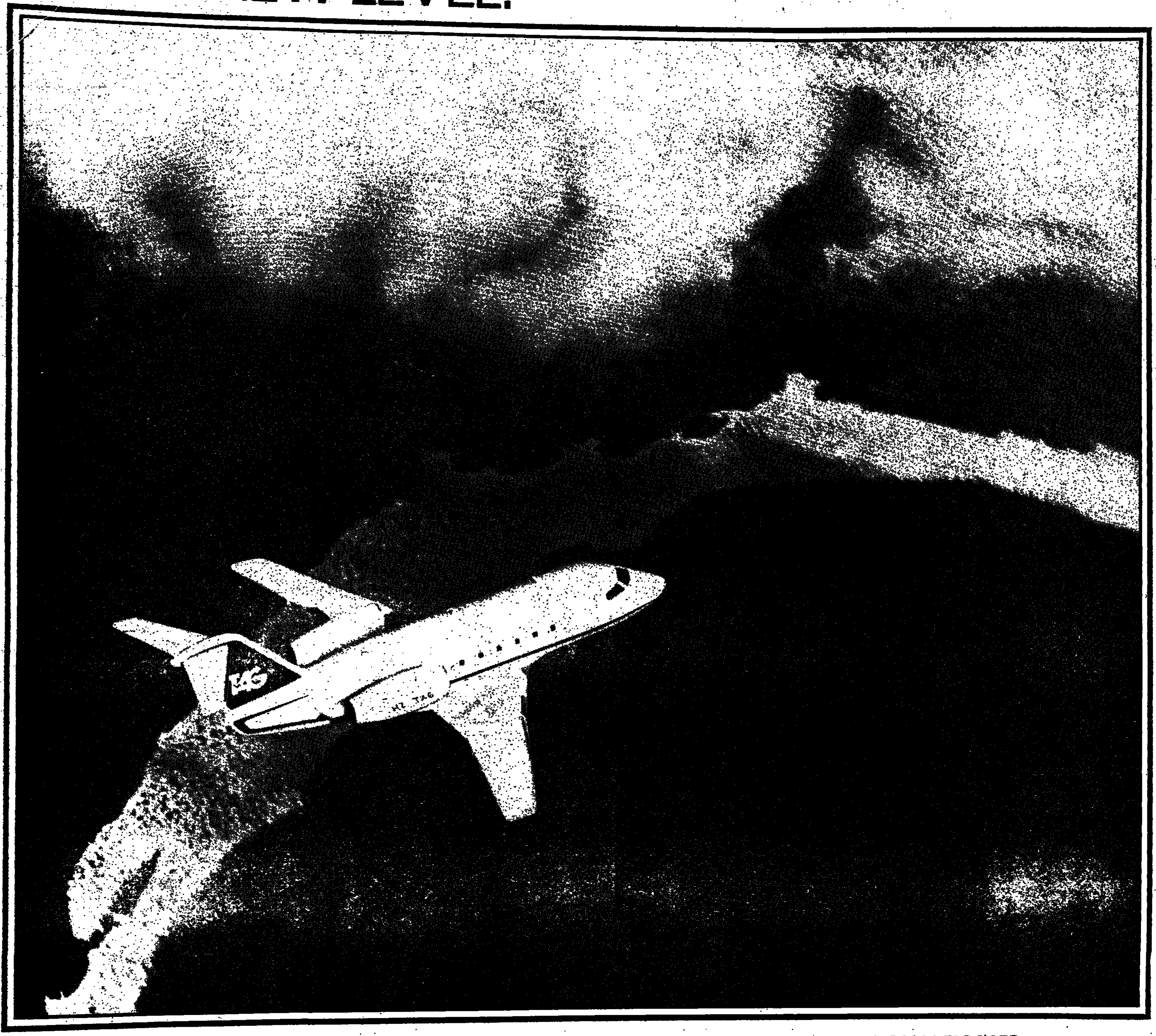

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Learning and creating jobs the Elephant way

Lisa Wood discovers how one scheme helps young Londoners acquire new industrial skills

"PEOPLE TEND to think that job creation schemes turn out shoddy goods—but that's not true," said Mr George Ruddock, managing director of Elephant Jobs, one of the largest independent job creation schemes in London.

This year the five-year-old organisation, based in a former three-storey food laboratory in Blackfriars, South London, aims to increase its sales turnover in goods and services from £23,000 to £63,000. Training, funded mainly by the Manpower Services Commission which puts up more than £625,000 a year, is offered in skills ranging from house decorating, basic mechanics and crafts such as jewellery.

About 115 young adults, earning up to £83 a week on community enterprise programmes, are employed alongside about 36 youth opportunity programme workers.

Their average age is 22, and they come from Brixton, Peckham and Camberwell. Because of the sttep rises in unemployment in those areas, supervisors at the scheme place great emphasis on the teaching of "life skills" as well as technical craft skills.

The quality of goods and services offered by Elephant Jobs is ever-increasing. Jewellery workers now sell articles to a well-established London department store and pottery is sold to a wide range of craft shops.

A substantial amount of printing work is done by Elephant Jobs but Mr Ruddock said: "We are not undercutting local printers. We are filling a hole in the market as many people who come to us would either not go to a printer or could be turned down because of an insubstantial order."

Mr Stephen Lee, who initially trained as a hairdresser, applied to go on the scheme's printing course but is now in charge of the projects sales and advertising team. "I've learnt how to organise stock-taking systems, how to use a calculator and how to work out VAT returns," said 22-year-old Mr Lee.

He has now organised a market stall in Rochester where he sells the scheme's pottery and like many other people on the project he would like to start his own business.

But Mr Ruddock would like to see improved links with industry. "Some companies give money," he said, "but what I want is an improved relationship. We are under pressure from Job Centres to have more and more work shops but we find premises difficult to find.

"What we would like to see is industries with spare premises offering them for use"

Ladbroke, the leisure group, is now actively involved with Elephant Jobs. The initial contact was made when the company donated £10,000 to the scheme through Practical Action, an appeal started by Sir Kenneth Cork and the National Association of Youth Clubs on behalf of young unemployed people.

This year Ladbroke has offered display facilities at one of its hotels for the workshop's latest scheme—the making of hand-tufted carpets.

This work started last year after a company donated a tufting "gun" through Practical Action. Now, under the supervision of a freelance maker of hand-tufted carpets, six young people are being trained in the skill and will be soon ready to hold an exhibition of samples and take orders.

Hugh Routledge

GLC and Lothian in council cuts warning

BY GARETH GRIFFITHS

TWO LARGE Labour-controlled local authorities, Greater London Council and Lothian Regional Council, warned yesterday that Government attempts to cut local government spending would lead either to massive cuts or authorities facing bankruptcy.

Labour council leaders want council financing as a whole discussed at the party conference in October.

Some want public sector unions to fight what they see as an inevitable confrontation with the Government, which discounted yesterday any possibility that councils could go technically bankrupt.

Mr Tom King, Local Government Minister, said in the Commons on July 8 that there were "no circumstances whatsoever" in which this could happen.

The Scottish Office said the position was similar in Scotland.

A delegation from Lothian lobbied MPs yesterday against a move by Mr George Younger, Scottish Secretary, to cut its block grant allocation by £47m. MPs discuss today the cut which may be made under the Local Government Scotland Act.

Lothian thinks it is a test case for other councils next year, when the Government tightens powers to control council spending in England and Wales.

The Scottish Secretary enjoys much stronger powers than those enjoyed by Ministers south of the Border. Scottish councils are prevented by law from raising supplementary rates.

Lothian Labour group has enlisted support from other Labour authorities, notably the GLC. Mr Ken Livingstone, GLC leader, said yesterday that the Lothian penalty was a forerunner of total Whitehall control of all councils.

Both the GLC and Nottinghamshire County Council leaders have urged their local MPs to vote against the Lothian penalty.

Mr John Crichton, convenor of Lothian Council, said that if the Government withdrew the £47m the council must either trim services, creating 10,000 redundancies, or face bankruptcy. Labour did not want to resign control of the authority as a policy option or way out.

Block rate Government support grant to Lothian for the financial year is £168.7m, 44 per cent of the council's £382.5m budget. It is paid in weekly tranches which would be reduced to cover the £47m penalty.

Lothian increased its rate by 50 per cent this year to 112p in the pound. Average annual domestic rate bill is between £272 to £300.

City fears earlier this year on the state of Lothian's credit-worthiness have been discounted and laid to rest, with a £20m loan at competitive interest rates, Mr Eric Milligan, council finance chairman, said yesterday.

Dundee District Council (£2m) and Stirling (£1m) could face penalty payments from the Government.

● A GLC list of projects to create employment if the necessary finance were available will be considered by its Industry and Employment Committee today.

Mr Livingstone said in a report to the GLC that the urgency in London's employment decline dictated "that all those responsible for dealing with unemployment now work together to generate a major programme for recovery."

Projects he suggested included factory and workshop building, co-operative developments and assisting the voluntary sector.

The GLC plans a delegation to the Government to urge action to deal with the economic decline of London and outline the schemes.

Unity urged for Britain's nurses

BRITAIN'S NURSES should look for greater unity in identifying their goals and then speak with one voice, Dame Phyllis Friend, the Chief Nursing Officer, argues today.

Between 1977 and 1980 nursing became more conscious of its autonomy as a profession, according to Dame Phyllis.

Heseltine in Liverpool 'to consult the people'

MR MICHAEL HESELTINE, Environment Secretary, yesterday began a two-week mission to find out about the problems of Liverpool from the people of the city.

His visit comes after serious rioting and street disturbances in the racially mixed Toxteth district—known locally as Liverpool 8—where youth unemployment has topped the 40 per cent mark.

Mr Heseltine emphasised that he wanted to learn from the people—individually and in organisations—why events had turned sour.

Facing a battery of cameras and microphones at a press conference in Liverpool Town Hall, Mr Heseltine declared: "What I can offer is the longest period of listening that a minister has ever given to an area."

He was looking for confidence, the creation of new opportunities, the bringing together of communities which had drifted too far apart and the removal of hopelessness from the inner city area. He stressed that, whatever happened, the Government must guarantee law and order.

"In the last 30 years," he said, "we have bulldozed areas and destroyed communities." But he added that the country was not always as good at building new communities in which people could flourish. He recognised that one difficulty was that the administrators of policies did not live in the critical areas.

Spending more was not necessarily the answer. Mr Heseltine said that "something over £300m" of public funds had been poured into the city.

He went on: "Very large sums of public money are already being spent and they don't appear always to have solved some of the problems they were designed to have solved. Let me not close doors or close options. I am here to listen.

"I am here to look and see if there is need for more co-ordination. I don't want to give the impression that I have a crock of gold which in the present economic circumstances everyone would not believe to be credible."

Consumer spending remains steady

BY DAVID CHURCHILL AND PETER RIDDELL

SPENDING in the shops has held relatively steady in the last three months, though the response to the special summer sales seems mixed.

The index of the volume of retail sales in June was 111 (1976=100) according to the Department of Trade provisional estimate yesterday. There was a revised figure of 110.6 in May and 111.4 in the previous two months.

The department says trade has been fairly steady since March after exceptionally high levels in January and February.

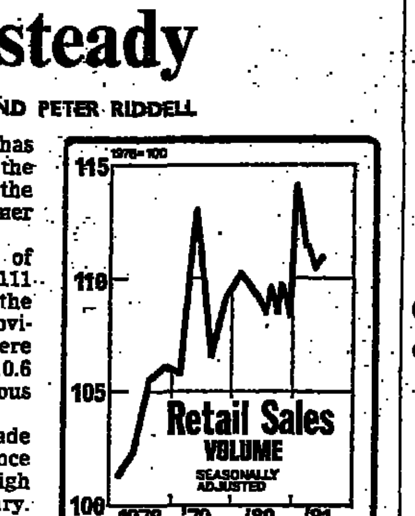
In the April-June period volume of trade was 1½ per cent less than in the previous three months, but higher than in any quarter of last year. So far this year, trade is 2½ per cent up on the average level for 1980.

Real incomes have declined as a result of the lower pay rises of recent months and the increase in taxes. The implication is that people may have reduced savings to sustain their spending as happened in the first quarter.

Retailers have been less optimistic than these figures imply. This may be partly because value as opposed to volume of sales has risen less rapidly compared with a year ago.

The value of sales in June was 9 per cent up on a year earlier, and 10 per cent for the second quarter as a whole.

The prospects appear mixed. Retailers said yesterday that the summer clearance sales had only a limited impact so far, perhaps because the sales were treated as only the latest in a long line of special promotions.



Poor weather has affected sales of summer clothes. The recent troubles of the inner cities have not helped consumer confidence, say many retailers.

Mr Tom Cole, marketing director of the Rumbelows electrical goods chain, suggested that consumers were now very discerning in what they bought and not particularly tempted by the traditional summer sales. But Rumbelows reports that there has been no let off in demand for colour televisions and video tape recorders in advance of next week's Royal Wedding.

The Argos discount stores chain, part of Bat Stores, said that the first two weeks in July were the worst summer trading period in the company's eight-year history. In its summer clearance sale, starting last weeks, sales were up about 40 per cent in value on the previous week.

Queen Victoria's letters of consent fetch £1,100

BY ANTHONY THORNCROFT

A DOCUMENT signed by Queen Victoria consenting to the marriage of the then Prince of Wales to Princess Alexandra sold for £1,100 at Sotheby's yesterday. It is dated November 1 1862 and written on black edged paper—the Queen was still in mourning for Prince Albert. Another item with solemn links, a letter written on board the "Titanic" by the bandmaster Wallace Hartley to his parent, went for £1,300. A black homburg hat worn by Sir Winston Churchill during the war sold for £280.

Top price in the first session of Sotheby's two-day sale of letters and manuscripts was the £7,500 paid for 35 letters by Robert Graves written to T. E. Lawrence. All told, 63 lots of letters, the property of the family of T. E. Lawrence, went for £34,065.

At Phillips, a pair of paintings by Percy Tarrant of children feeding animals was bought for £11,000, while the top price at Christies was £8,000 for a late Meissen part dinner and dessert service.

SALEROOM

BY ANTHONY THORNCROFT

Technology group merger announced

By Hazel Duffy, Industrial Correspondent

THE National Enterprise Board and the National Research Development Corporation are to be merged into a partnership operating under the joint name of the British Technology Group.

But Sir Keith Joseph, Industry Secretary, told the Commons yesterday that legislation (to unite the two bodies) would not be introduced for some time.

The new structure will be organised along functional lines, based on three main groups;

● Technology Transfer Group. This will have three divisions dealing with public sector funding of research and development, and the exploitation of inventions.

● Investment Group. This will have two divisions and will be responible for setting up corporate finance investments and all major joint ventures.

● Operations Group. This will be responsible for monitoring and managing the existing investments of the NEB and the NRDC and for securing their return to the private sector when the role of the British Technology Group has been fulfilled.

Sir Keith has appointed a combined board, comprising the non-executive members of each board, under Sir Frederick Wood. He also approved the appointment of a common chief executive, Mr Brian Willott, chief executive of the NEB. Deputy chief executive will be Dr Jim Cain, who is managing director of the NRDC. Dr Dennis Oliver was also appointed to both boards yesterday.

Commons rebuke over BBC cuts

THE FOREIGN Office is likely to receive a rebuke from the Commons foreign affairs committee in a report today expressing concern at the way in which the cuts in BBC external services were announced.

The report shows that the committee, headed by Sir Anthony Kershaw, is not impressed by Foreign Office expressions of a commitment to further capital expenditure and seeks immediate work on transmitters in the Seychelles and Hong Kong.

The day is likely to be a lively one for Mr Nicholas Ridley, the Foreign Office minister handling the issue. There will be a joint National Union of Journalists and Association of Broadcasting Staffs lobby of Parliament over the issue. The matter is likely also to be the subject of a Ten Minute Rule discussion and a call for a royal commission on external services.

The main burden of the protests against the cuts concerns the Government's mathematics — "the Government's description of the new £102.5m capital investment programme as 'more' is open to serious question," says the BBC—and the long term effects of ending eight foreign language services.

Tax incentive sought for self-employed

A series of tax relief measures designed to "encourage the transition from employment to self-employment" are to be presented to the Treasury today by the Institute of Directors.

They include exempting from income-tax the first £5,000 of self-employed income for salaried persons.

Mr Walter Goldsmith, who is to present the proposals to Mr Peter Rees, Treasury Minister said yesterday that the objective was "to persuade everyone to start thinking about starting their own business."

Seton Group

We are asked to make it clear that the Seton Group, hospital equipment manufacturers, of Oldham, is in no way connecte dwith the Seton Group involved in the recent High Court action concerning jewellery given to Mrs Elizabeth Hegard, former wife of Mr Per Hegard, the Norwegian financier.

Dan-Air begins legal action over Tenerife crash

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR, the UK independent airline, has begun legal action in Spain against Spanish air traffic control authorities, following the crash of the Dan-Air 727 jet in Tenerife on April 25 last year.

The accident killed all eight crew and 138 passengers when the Boeing 727 flew into a mountainside while waiting to land at Tenerife's Norte airport.

The official accident investigation report by the Spanish Civil Aviation Accident Commission, a translation of which was published in full for the first time in the UK yesterday, alleges that the accident was caused by the aircraft commander.

According to the report, the commander, "without taking account of the altitude at which he was flying, took the aircraft into an area of high terrain and thereby failed to maintain a safe height above the terrain as he was required to do."

Contributory factors, according to the report, were that the commander carried out a manoeuvre without having it clearly defined; that he was "disorientated"; that there was lack of teamwork between the pilot and co-pilot; that there was too short a time between the instructions to the pilot on the holding pattern to be flown and the aircraft passing the local radio beacon; and that the holding pattern was an unpublished one.

Dan-Air, commenting on the report yesterday, said that it was "unbalanced, incomplete and in certain respects incorrect."

Dan-Air's view is that the cause of the crash was the transmission of an "ambiguous and non-standard message to the aircraft concerning an unsafe and unpublished holding pattern at a very late stage, after the aircraft had been cleared to proceed overhead of the airport and to expect no delay in landing."

The Spanish air traffic controllers told the pilot to turn left for a "standard holding" pattern, but Dan-Air says that the words "standard holding" indicate a turn to the right unless otherwise specified. "The crew turned to the left as instructed."

"The holding pattern was neither published nor authorised by the Spanish authorities," says Dan-Air. "It was not aligned with the runway, and the height clearance passed to the Boeing 727 did not conform with international criteria for safe terrain clearance."

Moreover, in Dan-Air's view, the recordings of conversations in the cockpit indicated that there was full co-operation between crew members.

"However, the crew were having difficulty in interpreting the air traffic control message at this busy and critical phase of flight, and were undoubtedly misled by it."

Dan-Air is taking legal action against the Spanish civil aviation authorities to clear its name in the courts.

The Spanish report is also criticised by the UK's Accident Investigation Branch.

Unit trust group to meet on Halliday Simpson

BY CHRISTINE MOIR

THE executive committee of the Unit Trust Association expects to meet this week to study the implications of what is described in the City as the "Halliday Simpson affair."

Halliday Simpson, a firm of Manchester stockbrokers, was suspended by the Stock Exchange just over a week ago. The suspension, which was to lest until a major inquiry is completed, led to the winding up of the firm.

Just before Halliday's suspension the Stock Exchange informed Arbuthnot Latham, a merchant bank, that two of its employees were connected with the Halliday investigation.

Arbuthnot has since suspended Sir Trevor Dawson, chairman of its investment and unit trust subsidiary, and Mr Michael Barrett, the managing director.

Arbuthnot informed the Unit Trust Association because the men were the top managers of £51m of unit trusts operated by the bank.

Unitholders and investors with Arbuthnot are, however, fully protected. The investments are held in trust by the Royal Bank of Scotland. The UTA has been in touch with Royal Bank and is happy that all procedures are in order.

However, the UTA has decided it might be advisable to see whether any further problems hav arisen within the movement or whether basis guidelines need tightening.

Other investment management associations are also considering their positions as the Stock Exchange has suggested the investigation could widen.

The investigation began after Chieftain Unit Trust group drew the exchange's attention to the personal dealings of Mr Ian Hazeel, one of Chieftain's investment managers. Mr Hazeel had been summarily dismissed after an internal investigation.

Yesterday Chieftain said the City "overwhelmingly consists of decent people trying to do an honest job. It is Chieftain's belief that unless those who do not fall into this category are weeded out, the entire system collapses. This is why we decided to go to the Stock Exchange."

There was no question of Chieftain itself being investigated.

Hedderwick drops action against ex-employee

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

HEDDERWICK, Stirling Grumbar, the stockbroking firm that collapsed in April, yesterday dropped its High Court move to have Mr Agnello do Souza, a former employee, jailed for alleged contempt of court.

Mr John Phillips, QC, for Hedderwick, told Mr Justice Robert Goff in the Commercial Court that it was clear from voluminous evidence produced by Mr de Souza that it would not be right to proceed with the jailing application.

Hedderwick, through its liquidator, Mr Martin Fidler, had suggested that Mr de Souza had broken three court orders, said Mr Phillips.

Two were injunctions stopping Mr de Souza removing assets out of the jurisdiction of the UK courts; the third directed him to file an affidavit of his personal financial affairs.

Mr Phillips said that, by agreement, certain money in Ireland would be repatriated.

It would not be right to suggest that there had been any breach of the court's orders and Hedderwick withdrew its application, he said.

Mr Robin Potts, for Mr de Souza, concurred.

Hadderwick issued a writ in April claiming damages from Mr de Souza for alleged breach of duty and/or trust and/or negligence as manager of Hedderwick's gilt-edged securities settlement department.

The company also sought an injunction stopping Mr de Souza removing from the jurisdiction any of his assets, to a maximum of £1,934,412, held on deposit with the Chemical Bank and in any account with National Westminster.

A similar injunction was claimed to stop Mr de Souza, Mrs E. Christopherson, his sister-in-law, and Mr F. Gomez, removing from the UK money at the two banks in which they had an interest.

Dyestuff and pigment plants may face closure

BY SUE CAMERON, CHEMICALS CORRESPONDENT

A NUMBER of dyestuff and pigment plants may be forced to close during the next few years, warns a report by the Chemicals Economic Development Committee—the industry's little Neddy.

Released yesterday, the report says the outlook for the UK dyestuffs sector is less favourable than it was five years ago. That for the pigments industry is bluntly described as "bleak."

The report urges manufacturers to prepare for a reduction in effective dyestuffs production capacity—not just in the UK but throughout Western Europe—and adds that a number of companies are expected to withdraw from pigments altogether.

The report points to a fall in UK domestic sales of both pigments and dyestuffs of around 6 per cent a year between 1975 and 1979. During that period imports rose at an average 4 per cent a year and import penetration leapt from 30 per cent in 1975 to 54 per cent in 1979.

The report says the scope for increasing sales in the UK dyestuffs market is "limited although exports of dyestuffs could grow at the rate of around 3 per cent." It warns, however, that the prospects for significant new capital investment in pigments are "extremely poor."

The consequences by the end of the 1980s could be a "significant shrinkage of the UK manufacturing base and increasing dominance by overseas competitors."

It adds that restructuring of the world dyestuffs industry is expected to continue and says it is unlikely "that the UK will be insulated from this process."

Nevertheless, between 1975 and 1979 British manufacturers increased their export sales by around 9 per cent a year although the report stresses that this was done with "an accompanying very weak home base."

The troubles of both sectors are blamed on a number of factors including:

● World overcapacity. A number of countries including China, Korea and Japan have increased their pigment capacity and this has lead to "intense competition." The provision of a new dyestuffs capacity in China, Eastern Europe, India and the Far East could prolong the imbalance between world supply and demand.

● The strength of sterling which has helped to make the UK attractive to importers.

● Comparatively high UK energy prices—energy costs account for between 5 per cent and 10 per cent of total costs.

● The parlous state of the textile industry which has had an impact on sales of dyestuffs.

How best to repair fractured castings

Alan Cane reports on a new technique, originated in the U.S., which promises the speedy repair of any casting

A TECHNIQUE for repairing fractured metal castings which was pioneered in the U.S. is now available in Britain. Early results suggest the technique not only works, but leads to substantial savings in time and money.

It is being developed by Metalock of Belvedere in Kent, already well known for its ability to "stitch" together most broken metal castings from the cylinder head of a 1927 Maserati to Hungerford Bridge.

That technique works well for iron and steel castings; it involves tying the two halves of the fracture together with metal keys. But as Mr Ken Hughes, chairman of Metalock, put it: "My dream has always been to offer a repair service for all kinds of materials, iron, steel, aluminium, alloys, high tensile, low tensile."

He believes his dream has been realised with the development of the U.S. technique called "plug moulding." In the UK Mr Hughes offers the service under the name "Metamold."

In principle, it is simple; it involves filling the fracture with material of exactly the same composition as the damaged component and then heat treating the component so the old material and the new material become as one.

One of the earliest repairs Metalock effected in the UK using its new technique involved a 4,000 ton press from Rubery, Owen, the motor industry manufacturer. The connecting rods had extensive cracks in the small end (see diagram and photographs). These cracks spiralled down the bore, and went out radially to the knuckle end.

Repair service

The cost of a new pair of connecting rods was in the region of £28,000. The delivery time was about six months. Furthermore, metallurgical analysis showed that metal of a higher specification would be needed at the small end which does the actual work of exerting 4,000 tons of pressure; the bid end, where the load per square inch is lower, could be fabricated in a lower grade metal.

Such a complete casting could not be made; Metalock bid around £7,000 to remove the whole of the small end bearing and replace it with a stronger forging, joining the new to the old with Metalmold.

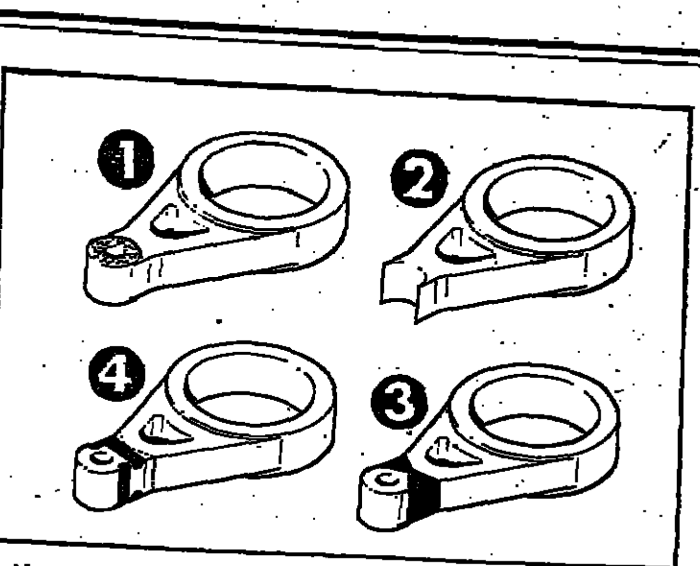
Now, according to Mr Hughes: "Not only have we saved our customer its replacement costs, but the repaired connecting rods are a great deal stronger than they were originally and the cause of the breakdown will not produce a similar failure."

The cause was the metal employed and the nature of the task to which the press was put. Mr Hughes says: "Our new technique should have many applications in the forging business — that business destroys machines."

The first stage in Metamold repair work is to strip down the damaged machine and transport the failed component to Metalock's Birmingham metallurgical laboratories.

There the metal is analysed and matched exactly using the range of metal powders and alloys the company keeps in stock.

The duplicate metal is then turned into massive welding rods, one inch in thickness.



Above: stages in the Metamold process. 1, The connecting rod showing the area of cracking around the small end; 2, The rod with the damaged area removed and, 3, replaced by a stronger forging; 4, The completed connecting rod showing the area of the Metamold repair in black. Right: A welder prepares the cavity between the parent metal and the new forging.

Metallurgical

The fracture is "scarfed" or reamed out to a V-pattern and filled with the duplicate material.

The whole welded component is then heat treated in special furnaces (which cost Metalock some £500,000).

During this heat treatment the original metal and the replacement metal become indistinguishable and no trace of the welding line remains, according to Mr Hughes.

The Metamold technique was first brought to this country by GKN which has an arrangement with Hunt Brothers, a Metalock subsidiary. Mr Hughes believes that Metalock is the only company in the UK offering the service on a commercial basis.

Costs depend on the component and the metal of which it is fabricated but are typically some 20 per cent to 45 per cent of the cost of replacement.

A small job, a cylinder head or some such small casting could be repaired for less than 10 per cent of the replacement cost.

Perhaps even more important than cost is time. Metalock points out that the entire Rubery, Owen job took about four weeks to complete including the time to produce two new forgings for the small end of the connecting rods.

So far, Mr Hughes says, in 18 months of Metamold operations, there have been no failures.

More from Metalock on Erith 49121.

Copper clad to beat marine life

SCOTT BADER has introduce[d] a new concept in marine ant[i-] fouling called "Crystic Coppe[r-] clad."

The SB technique is rathe[r] different from conventiona[l] ways of preventing fouling wit[h] copper and copper compounds[;] it has developed a speciall[y] formulated polyester gelcoa[t] containing a high concentratio[n] of copper particles.

It is said to be particularl[y] effective on glass reinforce[d] plastics hulls—it is also resis[-] tant to the effects of osmosi[s] which is a prime cause o[f] gelcoat blistering in GRP hulls.

Marketed as a concentrate, i[t] requires the addition of 3 pe[r] cent styrene monomer to con[-] vert it to a consistency suitabl[e] for application by brush o[r] roller. Scott Bader recommend[s] that the compound be treate[d] as additional to the norma[l] gelcoat layer.

More on 0933 663100.

.. POINTERS ..

Instrumentation

DEVELOPED BY Redcliffe Electronics of Bristol, the Model 102 Hall Effect Gaussmeter is able to measure direct fields, alternating fields up to 50 Hz and pulsed magnetic fields with a rise time in excess of five milliseconds.

There are eight ranges between 10 and 30,000 gauss and the accuracy is typically 2 per cent. Built-in light-emitting diodes indicate a positive or negative field.

More on 0272 771404.

Shear magic

SAID TO reduce dramatically the inevitable deformation imparted to heavy gauge plate by conventional shears is a machine called the Scimitar from Rhodes Interform, Belle Vue, Wakefield, WF1 5EQ (0924 71161).

Due to the machine's innovatory rolling action of the upper beam, the knives never overlap, thus reducing the problem of bow, twist and camber imparted to the offcut.

Rhodes says that very few moving parts are used in this model, which means low maintenance costs and a significant reduction in expensive down time.

Abrasives

THE FIRST SlipNaxos production plant ever to be set up outside Sweden is its new converting plant in Sheffield which produces a wide range of coated abrasive belts and discs for the metal and woodworking industry.

Launched in the UK last year, the 800 series of coated abrasives is directed at a market which is new to the company and SlipNaxos reports that the Sheffield outlet has been established to provide a full stocking and rapid delivery service and is succeeding in meeting special orders at short notice.

Printers

RELATIVELY LOW cost thermal and impact printers, the former specifically designed to sit on top of the company's HP9826 desk top computers, have been launched by Hewlett Packard.

At the bottom end of the thermal range is the HP2671A, which offers the full 128 character ASCII set plus line drawing for creating forms. The unit employs 120 character per second bi-directional printing, normally of 80 columns per eight inch line, and costs £642. There are two other models which have different levels of graphics ability.

The dot matrix type, HP82905A, is designed to operate with the HP Series 80 personal computers and has a suggested retail price of £597, making it the company's first printer under £600. It has a graphics mode which can print a dot-by-dot version of CRT graphics. The printer works at 50 ch/sec, bi-directionally. An extra interface module (HP-IB) is needed for working with the Series 80 computers.

More from the Computer Systems Group, Hewlett Packard, Winnersh, Wokingham (0734 784774).

Clearer radio

DESIGNED BY Voice Microsystem, part of AB Electronic Products Group, is a digitally based processor which will continually adjust the waveform of speech input to a radio transmitter so as to ensure that it is as fully modulated as possible at all times.

The processor, which has the net result of improving speech intelligibility, was primarily designed for use with mobile radio base transmitters but it can be used with intercom systems, paging systems and loudhailers.

At the moment the equipment occupies about six inches of 19 inch racking but work is in progress to put the circuits on a four inch square printed board. The present integrated circuit chip count of over 20 is expected to be reduced to three or four eventually.

Main interest of Voice Microsystem is in offering the unit to communications equipment manufacturers, world wide. But direct end-user applications will arise also. More from the company in Abercynon, Mid Glamorgan, on 0443 740331.

Modem

SYNCHRONOUS OPERATION in point-to-point and controlled network applications can be achieved at a primary speed of 14,400 bits/sec in the latest modem introduction from Codex of Croydon.

Designated SP14.4, the unit has fall-back speeds of 12,000 and 9,600 bits/sec and in normal use over four wire circuits it can achieve an error rate of less than one in 100,000 bits.

The flexibility of this device can be extended further by the addition of an optional six channel buffered multi-plexer. Then, up to six channels can be multiplexed at a wide variety of data rates. More on 01-680 8507.

Baling

DESIGNED FOR applications where large quantities of waste materials are required to be compressed efficiently into neat, compact bales, is the new electric Powerbale Mark III baling press from Portable Balers, Summit Works, Smith Street, Hockley, Birmingham (021-554 7241).

This machine was developed in conjunction with safety consultants in order that it may be operated with press-button simplicity.

Terminal

A TERMINAL is being offered by MBS Rentals of Windsor on which three separate displays can be mounted on the CRT at the same time.

The terminal, which communicates with three separate computers at once, is aimed at users who need simultaneous access to information from different sources, for example in the money and commodity markets or in research work.

Thus, the user can quickly compare and correlate data from various sources without having to operate more than one keyboard or look at more than one display screen. The displays can include graphics or tabular matter.

More from Philip Ely, MBS Rentals, 119 High Street, Windsor (Windsor 55211).

Colour sorting

ONE OF Sudan's major exporters of groundnuts, El Sheikh Mustafa El Amin and Sons, has installed 16 bichromatic optical colour sorting machines from Gunson's Sortex, Fairfield Road, Bow, London E3 (01-980 4888).

Considered to be one of the largest groundnuts plants in Africa, it required high performance equipment, and rapid delivery, to maintain an output capacity of more than 10,000 tons of HPS (hand picked and selected; as opposed to FAQ—fair average quality) groundnuts.

The Port Sudan plant's standard of automation now means that it can be run by only two technicians trained in Britain by Sortex. Only additional labour required is at the input end to load hoppers, and at the output end for final inspection, bagging and handling.

Diseased or damaged kernels will be extracted by electronic colour sorting, enabling the Sudanese producer to meet the latest aflatoxin regulations imposed by the world's major groundnut importing countries.

Initially, the Port Sudan product will be exported to the U.S., Canada, Europe, Japan and the USSR.

Labour calls for renewed relationship with the EEC

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR PETER SHORE, Shadow Chancellor, told the Commons yesterday that the Labour Party looks forward to the day when Britain will be outside the present mechanisms of the Common Market.

He called for a new relationship between the UK and the Community, but stopped short of giving an explicit undertaking that a future Labour Government would withdraw altogether.

Mr Shore, a leading Labour anti-marketeer, declared: "We look forward to the day when there will be no British contribution to the EEC budget, to the way when in a different and new relationship with our Continental neighbours we in Britain are outside the whole crazy system of ECC budgets."

The Commons was debating a motion to take note of the EEC Commission's draft Budget for 1982 and draft amending Budget for the current year.

The Commission's proposals will be discussed at the EEC Council of Budget Ministers on Thursday when Mr Nigel Lawson, Financial Secretary to the Treasury, will be in the chair.

Britain's case at the meeting will be put by Mr Peter Rees, Minister of State at the Treasury.

In the Commons, a Labour amendment called on the Government to reject the two draft budgets because they made no basic reform of the budgetary arrangements or of the Common Agricultural Policy.

The amendment was defeated by a Government majority of 82 (301-219).

The amendment claimed that the proposals failed to achieve a broad balance between the UK's contributions and receipts, and made inadequate provisions for regional, industrial and social policies.

Mr Lawson, however, dismissed the amendment as "humbug." What lay behind it, he said, was not a desire to reform the Budget or to secure justice for the UK, but the fact that Labour was now formally committed to total withdrawal regardless of the consequences for British agriculture and industry.

The British people had given their opinion in the referendum when Sir Harold Wilson, Mr James Callaghan, and Mr Denis Healey had supported continued British membership.

"Now the Labour Party is for total withdrawal and without so much as a referendum," said Mr Lawson.

"The reason they want to get out is because they believe that the socialist policies of a future Labour Governmen would not be possible within the framework of the European Community."

Mr Lawson said Britain's net contribution to the Budget this year, when receipts were taken into account, would be about £500m, and he thought that our contribution next year would be of roughly the same order.

The Budget Ministers, he said, should have in the front of their minds the painful belt-tightening now taking place in most member countries.

Lawson: "humbug"

Shore: "unacceptable"

The Financial Secretary underlined the Government's determination that the 1 per cent ceiling on VAT contributions to the Community should not be breached. This discipline was having a salutary effect and installing a new sense of realism.

Mr Shore argued that it was ludicrous and "unacceptable" that the UK should be the second largest net contributor to the budget.

He dismissed the Budget concessions won by the Government in the agreement of May last year. That had been very limited in amount and in time, he said.

He maintained that the modifications now being proposed to that settlement would still afford all the opportunities for exerting pressure on the UK to conform with Community policy.

He doubted the real value of EEC regional aid and the social fund and declared: "The EEC remains what it has always been — customs union with a Common Agricultural Policy."

Nupe conference accepts 6% ambulance offer

BY PAULINE CLARK, LABOUR STAFF

THE MONTH'S campaign of industry action by ambulancemen was virtually brought to an end yesterday when a special conference of ambulance delegates of the National Union of Public Employees agreed to accept a 6 per cent pay offer.

A final settlement could be delayed by disagreement between the unions as to which of two formulas should be accepted.

The decision by the leading union in the ambulance service nevertheless signals another victory for the Government's hard line on a 6 per cent cash limits ceiling for Health Service wage rises this year, following cash limits settlements with most other major groups in the sector, including nurses and hospital ancillary workers.

The union, representing some two-thirds of the 17,000 ambulance staff, was the most militant in the build-up to the campaign of action, and the only one of the four involved to recommend rejection in an earlier ballot on the offer.

It claimed overwhelming support from its members in the first national one-day strike in mid-June, but response to later calls for action was patchy, until the national action strategy was abandoned early this month.

The ambulance unions claimed a 15 per cent rise to preserve the value of their 1979 comparability award, but their key demand was for emergency status alongside firemen and police.

All four unions meet today to discuss their positions with management.

The NUPE conference voted yesterday for the employers' previous option of a straight 6 per cent across-the-board rise of £5.05 a week for 12 months, while the other unions, yet to complete consultations with their members, favour the alternative offer of 7.5 per cent over 15 months plus more holiday concessions.

Mr Bob Jones, national officer in NUPE, said the vote was influenced by two recent Ministerial statements which demonstrated acceptance of ambulancemen as part of the country's emergency service, and provided a basis on which unions could pursue arguments for the same status as police and firemen.

But it also came from a realisation of Government "obstinacy" and recognition of its "doctrinaire policies."

The 15-month offer would remove ambulancemen from their January pay settlement date and put them alongside other health service groups in wage negotiation rounds.

The Confederation of Health Service Employees and the General and Municipal Workers' Union, the next two biggest ambulance unions, want the 15-month option because, they say, it is better in cash terms.

It gives a £5.94 a week rise to qualified ambulancemen and is estimated by COHSE to be worth £3 a week more in total compared with the 12-month deal taking into account the knock-on effect on shift and overtime payments.

Leaders fight late snags for Mrs Williams

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

NEGOTIATIONS were still going on in the Social Democrat and Liberal camps last night to find a way of allowing Mrs Shirley Williams to fight the Croydon North-West by-election without jeopardising the alliance between the two parties.

After a meeting with the SDP leadership in London, Croydon's Social Democrats said that they believed that in the interests of the alliance the candidate should be "of national standing."

This would appear to rule out Mr Bill Pitt, the local Liberals' choice. But the SDP leadership's main precoccupation last night seemed to be to make things as easy as possible for Mr David Steel, the Liberal Leader, who shares the SDP's belief that a nationally-known figure should be fielded.

By even talking in terms of a "nationally-known figure," the SDP may well antagonise some Liberal activists who think that the Social Democrats are trying to impose terms on the Liberals.

The favourite of both Mr Steel and the SDP leadership remains Mrs Williams.

At yesterday's meeting of the SDP it was agreed that Mr John Pardoe, the Liberals' former economic spokesman, would be an acceptable alternative.

Mr Pardoe has said that he would find it difficult to fight a by-election now.

This seems to suggest that Mrs Williams is the only posible "national figure" in the field, but the SDP leadership last night was at pains not to appear to lay down the law and impose Mrs Williams on the Liberals, who under the terms of the agreement between the parties have first refusal at Croydon.

The local SDP is expected to agree formally tonight on Mrs Williams as their nominee as joint candidate to fight the by-election.

They will put forward her name to a joint meeting with local Liberals on Friday night. This meeting will have no formal authority to approve a candidate, and the ball could well be thrown back into Mr Steel's court.

Yesterday Croydon Liberals still seemed very reluctant to desert Mr Pitt, who has fought the seat three times and at the weekend was given the backing of the Liberal Council.

But they might compromise on a nationally-known figure like Mr Pardoe. The Croydon Social Democrats are very reluctant to back Mr Pitt, but agreed at their meeting with the SDP leadership that the most important thing was not to jeopardise the alliance.

It was made clear to them that if necessary they might even have to support Mr Pitt.

The by-election is proving to be a serious test of relations between the parties and between the respective leaders and their members.

Opinion polls, including a private one by the SDP, suggest that Mrs Williams would take the seat from the Tories.

Both Tories and Labour are getting on with selecting a candidate. Labour has drawn up a shortlist of five, the Tories are whittling down a shortlist from 190 hopefuls.

Surprise as Hoyle declares for Silkin

By Elinor Goodman, Lobby Correspondent

MR DOUG HOYLE, who was labelled a closet Bennite throughout his campaign to be elected as MP for Warrington, is to vote for Mr John Silkin in the Labour deputy leadership campaign.

He apparently came down in favour of Mr Silkin some weeks ago, but decided against a public declaration of support on the grounds that he did not want it to become an issue in the Warrington campaign.

In the event, the leadership did become an issue despite Mr Hoyle's efforts to dismiss it as irrelevant. During the campaign, Mr Hoyle, who usually votes with Mr Tony Benn and

Hoyle :closet Bennite?

other left-wingers on Labour's national executive, was repeatedly asked whether he was going to vote for Mr Benn.

His refusal to commit himself was taken as an indication that he was going to vote for Mr Benn. This made it easier for the Social Democrats to brand Mr Hoyle an extreme left-winger, and almost certainly lost him votes.

Mr Hoyle has long been a friend of Mr Silkin, and when he is introduced to parliament today as the new member for Warrington, will be sponsored by Mr Silkin and Mr John Evans, Mr Michael Foot's Parliamentary Private Secretary.

Assuming Mr Silkin is knocked out after the first round of the leadership contest, Mr Hoyle, as a left-winger, would almost certainly vote for Mr Benn in the second round.

But Mr Silkin insists he will survive the first round. He claims to be picking up support among MPs and many of the smaller unions.

Last week, he issued an expanded version of his personal manifesto in which he argued for:

Rebuilding of industry with massive public investment; and where necessary the extension of public ownership;

Worker participation and the repeal of the Government's trade union legislation;

Withdrawal from the EEC;

Investment priority for the inner cities and the regions;

Enhancement of the powers of locally elected councils;

Extension of public sector housing;

Opposition to nuclear weapons, at the same time backing Nato;

Import controls;

Increased aid to the Third World;

Tolerance within the Labour Party.

'Costs will end Civil Service pay action'

BY PHILIP BASSETT, LABOUR STAFF

LEADING Civil Service unions, which are putting the Government's improved pay offer out to their memberships, are telling their members that the campaign of selective strikes over pay must end soon because of their cost.

The point is made in a series of circulars from the main unions involved in the strikes which have so far made decisions on the improved offer of 7½ per cent plus arbitration for next year's pay deal.

A number state that the selective strikes cannot be continued after August 3, reflecting the feeling among union leaders that the consultation exercise is likely to accept the offer and that there may well be a return to work on that date.

There are some wide differences between the main unions.

● The clerical Civil and Public Services Association describes the offer as "disappointing" but notes that "it is not possible to continue selective action beyond August 3, 1981." It states that the union's fighting fund "is exhausted, and our weekly levy collection is only paying about half of the cost of our weekly strike pay bill."

It puts the choice bluntly to members: "The judgment members must now make is whether all-out strike action without pay will achieve more than is currently on offer." No recommendation is made.

● The executive Society of Civil and Public Servants is recommending rejection. It describes th eoffer as "insulting," but also acknowledges there is no option "of continuing the campaign indefinitely by means of selective strikes."

It says the escalation of action "is forcing up our costs far in excess of the income from levy subscriptions. There are only sufficient resources to maintoin selective strikes for a limited period."

The society believes the improved offer was only made because of the disruption to unemployment benefit, and says that "it would, therefore, be totally wrong to rush towards a settlement at this time."

● The Inland Revenue Staff Federation, which was the most reluctant union apart from the society to put the offer out without a recommendation, all but recommends rejection. Its carefully-worded circular agrees that the selective strikes are "now approaching the end of the road." It says that, because the society had decided to recommend rejection, it was unable to do so under the terms of the offer, since if more than one union had decided to do so the improvement and the original 7 per cent would have been withdrawn.

A further circular yesterday from Mr Tony Christopher, federation general secretary, points to previous IRSF condemnations of the Government's handling of the dispute.

● The technical and scientific Institution of Professional Civil Servants says that while the improvement in the offer is a "meaningless gesture," it is true that "the trend in the level of settlements is downwards and that other recent settlements in the public services sector have isolated the Civil Service."

On the continuation of the strikes, the union says: "The plain fact is that the income from the levy means that this option will no longer be open to us for more than a further few weeks." On an all-out strike it states: "There must, therefore, be serious doubts about the extent to which it would be supported."

It also admits that the provisional return to work agreement "are the most that could be obtained after extensive argument at the highest level. We have not, however, been able to secure assurances in the terms which we would have preferred."

PROPOSED PAY RATES

	PAY MAXIMA 1980	PAY MAXIMA 1981	Percentage increase
Clerical Assistant (weekly paid)	72.60	78.25	7.78
Clerical Officer (annual pay)	4,740	5,102	7.63
Executive Officer	6,745	7,247	7.44
Higher Executive Officer	8,555	9,183	7.36
Senior Executive Office	10,500	11,265	7.28
Principal	14,000	15,010	7.21
Senior Principal	17,500	18,755	7.17
Assistant Secretary	19,500	20,895	7.15

TUC to advise Zimbabwe unions

By Our Labour Correspondent

THE TUC is to advise the newly formed Zimbabwe Congress of Trades Unions (ZCTU) on a range of issues, including collective bargaining, income distribution, training and industrial democracy.

Mr Jim Mortimer, the recently retired chairman of the Advisory, Conciliation and Arbitration Service and a former official of the white-collar engineering union AUEW Tass, flies to Salisbury today on behalf of the TUC.

Mr Mortimer's main task will be to advise on the ZCTU's response to the Government-appointed Ridell commission on the country's economy, which reported last month.

The TUC will also play a leading role in a project coordinated by the Commonwealth Trade Union Council aimed at identifying trade union training needs in Zimbabwe and devising a system to meet these needs.

7,000 go back to work at ICI plant

PRODUCTION at the major ICI Mond Division in the North West returned to normal yesterday when 7,000 weekly paid workers called off their strike over the suspension of five men who had joined an overtime ban over a pay dispute.

The unofficial strike was the first major campaign of disruptive action to hit the division which supplies materials to ICI plastics and petrochemical plants.

The company said the decision to return to normal working followed agreement by unions representing 43,000 weekly paid workers to hold consultations with members on an 8.5 per cent offer previously rejected.

Dock dispute goes on

THE Merseyside dock dispute remained unresolved despite more than three hours of talks yesterday between management and unions. Each side re-stated its caes inthe pay dispute which has been dragging on for three months and has resulted in six one-day strikes.

Union negotiators meet today to consider a discussion paper put forward by the employers.

TUC to play big role in election campaigns

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC is fo rthe first time to play a major role in future Labour Party campaigns.

Senior figures in both wings of the Labour Movement are concerned that the party's policies are not getting across to the electorate, and are worried that the high cost of the large-scale rallies organised in recent months are straining the party's slender resources.

The TUC-Labour Party liaison committee yesterday endorsed documents from the party and congress laying out a future strategy of campaigns.

The timescale runs from early next year to autumn 1983, which is thought to be the most likely time for the next general elecion.

The TUC's paper concentrates on two major campaigns. The first, under the rubric of the "Reconstruction of Britain," will be a restatement of the TUC's plan for growth and will be launched in August.

The second will be a campaign on youth unemployment to be launched later this year in cooperation with youth and ethnic groups.

The TUC also proposed support for two campaigns, inspired by the Transport and General Workers Union, on the themes of import controls and on unemployment in the construction industry.

Labour's paper argued that its recent campaigns have projected an image of anti-Toryism, but have failed to put across its own policies, especially those which make up the alternative economic strategy. It said the party "must succeed in shifting the ground of political argument" towards its policies, and make sure that they are in tune with the aspirations of the mass of the electorate.

The themes it argues that should be stressed are:

Work for all—a strategy to return to full employment;

Defence of the public sector;

Greater fairness and more social justice;

An emphasis on individual rights and wider democracy;

Policies for peace and development.

The paper says the party is "painfully aware" of its lack of knowledge of how to approach various groups in society, and stresses that there is a need to bring a number of disparate policies into one coherent package.

These themes are likely to emerge over the next year, culminating in the issue of a joint Shadow Cabinet-National Executive policy document before the 1982 Labour Party conference.

The conference itself should be, it is argued, a "showcase" for the policy package.

● The liaison committee endorsed a proposal on the regeneration of inner cities, made in a recent TUC policy statement.

In a statement issued after the meeting, the committee said priorities were to combat unemployment, improve education and to "recognise the devastating consequences of school-leaver unemployment."

The TUC added that there was a further need to eliminate racial discrimination and to improve relations between the police and ethnic communities.

Lords attack on defence review

Financial Times Reporter

AN ATTACK on the Government's defence programme was made in the Lords last night by Lord Hill-Norton, Admiral of the Fleet (Independent), a former Chief of the Defence Staff.

He said the Government's policy was based on false assumptions and ignorance; a dangerous gamble with Britain's national security; and a dogged refusal to accept the advice of the chiefs of staff.

"It represents the second attempt by a Tory government to destroy the Royal Navy in the last 24 years," said Lord Hill-Norton, during a debate on the Defence White Paper.

"I regard these savage cuts in the Royal Navy as a highly dangerous gamble with our national security.

"They flow from a misunderstanding of the threat, ignorance of the best means to ensure it, disregard for the combined capability of the alliance; the mistaken assessment of priority, and a total neglect of history," he said.

"Defence policy certainly seems to be too difficult a business for this Government.

"I am appalled by what is proposed, I am affronted by the way it has been done, and I am deeply concerned about the almost certain consequences."

The Government's proposals, he said, were based on "demonstrably false assumptions" and ignorance.

There was no intellectual consistency in the White Paper.

Defence could not be bought like soap powder in a grocer's shop, "although the whole basis of this White Paper seems to be based on this simplistic notion."

Joseph repeats wages warning

BY IVOR OWEN

SIR KEITH JOSEPH, Industry Secretary, gave a new warning in the Commons yesterday that wage increases which outstrip improvements in productivity will lead to higher unemployment.

Labour MPs, who forecast that the July unemployment total due to be published today will be close to 3m, intensified their attacks on the Government's economic and industrial policy.

Sir Keith contended that soaring wage levels had been a major factor in the "dramatic increase" in unemployment over the past two years. In the strongest terms yet used by any Minister he condemned the "mad escalation" of 1980.

In a cautious assessment of future prospects the Industry Secretary said he expected industrial output to show some recovery over the next year or two.

But he emphasised: "An increase in industrial activity cannot be sustained unless UK industry improves its international competitiveness through wage moderation, good management and co-operative working practices."

Sir Keith admitted that in the first quarter of 1981 manufacturing output was 20 per cent lower than in the second quarter of 1979.

"Output per person employed was 8 per cent below its level in the second quarter of 1979, but it rose by 1.9 per cent between the last quarter of 1980 and the first quarter of 1981."

Refusing to accept that these figures showed that Government policy had failed, Sir Keith underlined the fact that industrial countries as a whole had suffered loss of industrial output during the last two years.

On a more bullish note, the Industry Secretary claimed that gains in productivity, potential or actual, now being manifested, would stand Britain in good stead as output recovered.

But nothing could alter the fact that the country had handicapped itself by excessive wage settlements.

Mr Stan Orme, Labour's Shadow Industry Minister, catalogued the adverse factors which had to be faced—output down, investment down, unemployment rising, a CBI report that 70 per cent of firms had smaller order books than had previously been forecast, and the latest depressing report about Britain's prospects from the International Monetary Fund.

Lloyd's agencies review sought

BY JOHN MOORE

MR MICHAEL MEACHER (Labour, Oldham W), chairman of the Commons committee on Lloyd's Bill, yesterday asked legal representatives of the Lloyd's insurance market to give firm undertakings that the agency system of Lloyd's will be reviewed thoroughly.

His request was made during committee hearings of the Lloyd's private Bill of Parliament which is designed to improve self-regulation within the Lloyd's market.

Mr Meacher quoted evidence given by Mr Peter Green, chairman of Lloyd's, during an earlier hearing. Mr Green, he said, had told the committee: "I believe the whole of the agencies system at Lloyd's requires detailed examination."

The committee was given a range of undertakings at the start of the yesterday's hearings.

Mr Peter Boydell, QC, for Lloyd's, told the committee that two underwriting members who are seeking changes to the Lloyd's Bill through a parliamentary petition, were no longer seeking a clause in the Bill which would insist that managing agents at Lloyd's were precluded from acting as members agents.

This issue is known in Lloyd's as the "divorce" issue.

Mr Boydell said earlier that Lloyd's members had voted overwhelmingly against the "divorce" recommendation established in previous hearings and that Lloyd's could not proceed to seek an additional provision in the Bill to cover this aspect.

Mr Boydell said agreement had been reached with the petitioners that a new Lloyd's council will be obliged to implement proposals for fuller disclosure of information to Lloyd's members as recommended by Sir Henry Fisher in a report on Lloyd's self-regulation.

Mr Meacher told Lloyd's, after an adjournment, that the committee was seeking a thorough investigation of the agency system, since Mr Green's views on the agency question had been "freely given." He asked for undertakings from Lloyd's that a range of recommendations by Sir Henry Fisher would be followed and that the relationship between brokers and members agents would be followed.

Lloyd's agreed. The Committee allowed the Bill to proceed without requiring an additional provision for the divorce of managing agents from members agency work to be included in the Bill.

Workers lobby union

WORKERS from Laurence Scott, the mining machinery plant in Manchester threatened with closure, will today lobby the national executive meeting of the Amalgamated Union of Engineering Workers in protest at the union's agreement with the company on redundancies.

School leavers' success in the job market 'depends on luck'

BY LISA WOOD

MOST YOUNG school-leavers make extensive efforts to find work and their success to some extent depends on "luck," according to a study published yesterday by the Manpower Services Commission and the National Youth Bureau.

The study, called Chance Would Be A Fine Thing, comes at a time when this month's unemployment figures, due this week, are expected to set another post-war record. An estimated 350,000 school-leavers are likely to be registered as unemployed by the end of the summer.

The 12 case studies in the report left school in 1979 and went on some form of Youth Opportunity Programme after experiencing periods of unemployment. Being unemployed, she said, was boring and frustrating.

Many of the interviewees described difficulties of even obtaining a job interview. Carol, who wanted to do office work, said: "I wrote for loads of jobs in the papers and all I got was a reply saying that the vacancy wasn't free any more and too many people had applied for it."

Jackie, with one O-level and four CSEs, was out of work for five months. She described the experience as "horrible, it was boring. I did nothing. I went round town looking for jobs and that but there weren't nothing."

The young people went on Youth Opportunity Programmes with varying success. David, who wanted to be a motor mechanic, went on a scheme in a warehouse where he thought he would load up wagons and make deliveries.

His responsibilities did not include these duties and he claimed he had been misled about the work. He described what he did as "a load of rubbish" and claimed he was being used as cheap labour.

He completed his six months on the scheme and, although he still wanted to be a mechanic, he accepted a permanent job as a warehouseman with the same firm.

Yvonne, with two O-levels and three CSEs, went on a work experience scheme at a library. She said: "Other members of staff treated you differently; you felt you were looked down on." However, she got a job as a library assistant at a local teachers' training college.

The study's author noted: "Her case illustrates a 'success' story in which an individual was aided by YOP to gain entry into an occupation which required a degree of specialist knowledge."

FINANCIAL TIMES SURVEY

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Portugal BANKING, FINANCE AND INVESTMENT

By the mid-eighties, on present reckoning, Portugal will have become a member of the European Economic Community. This is the ultimate goal, influencing much of the thinking of the country's leaders. It is nowhere more apparent than in financial circles.

Much grooming to be done

By Robert Graham

VOTE-CATCHING economic policy frequently helps to win elections but it causes an awful lot of headaches for the victors. *This is what is happening in Portugal* to the Democratic Alliance (AD) Government. The AD is having to cope with the blatantly electoral policies of last year when by virtue of the quirks of the Portuguese constitution there were two general elections.

The late premier, Sr Francisco Sa Carneiro, stimulated public sector spending, handed out increased pensions, permitted large wage increases, sustained substantial subsidies on essential foodstuffs and revalued Portugal's currency, the *escudo. He knew he would* have to pay the bill later but he believed it would help to secure AD a proper parliamentary majority and enable him to stay in power for four years—ample time to deal with the negative consequences of this policy. Almost any Portuguese political party would have done the same in the circumstances.

Sr Sa Carneiro was vindicated by his convincing electoral victory but his tragic death in an air crash last December meant that he is no longer the one having to face the *music.* Instead it is Sr Francisco Pinto Balsemao, his successor, and a new economic team headed by Dr Morais Leitao that are having to cope. Moreover, the abrupt and unexpected political change has had the unfortunate but inevitable effect of delaying measures. Sr Balsemao's prime preoccupation until now has been to establish his own authority within the fissiparous alliance of parties that form the AD. But the Government is at last beginning to show signs that it has got its economic thinking organised and is ready to act.

It is not before time. A few indicators reveal eloquently just how overheated the Portuguese economy has become. Money supply has been increasing this year at over 30 per cent. Average private sector wage increases have been around 22 per cent and the public sector has not been lagging far behind. The annual inflation target of 16 per cent has been overrun and on current evidence is closer to 25 per cent.

The balance *of* payments deficit projections on current account have crept up to $1.7bn against the 1980 end-year figure of $1.2bn — though here there has been the contributory factor of severe drought which has hit agriculture hard. The net effect of lower agricultural export earnings and the consequentially increased *resort to* imported foodstuffs has added $400m to the current account deficit. Meanwhile debt service has jumped 60 per cent and represents over 16 per cent of *this year's* budget.

The cynics say that the former Finance Minister Sr Cavaco Silva, now sniping at Sr Balsemao from within the AD, got out just in time. But it would be wrong to pin the present situation on him alone when the measures contributing to it were endorsed by AD as a whole last year.

The basic strategy now is to slow down and delay part of the $2bn of public investment projected for the year. This will inevitably involve a slight reworking of the four-year outline plan announced at the beginning of the year. Allied to this will be a series of measures, primarily in the monetary field, to be introduced over the next few months.

Damagingly

The first move is expected this month in tackling the money supply. Almost certainly the Government will play with the interest rate system, recognised to be damagingly rigid. Interest rates have been static *at 18 per cent for almost a year* and a half. Before that they had remained static for over a year. Curbs are also likely on short-term borrowing abroad.

Additionally, the Government can alter the monthly credit ceilings of the banks. Each bank is given a ceiling by the Bank of Portugal (central bank) *which it can exceed if* emigrant deposits and term deposits increase beyond a certain level. Emigrant remittances, last year worth $2.7bn, are currently running at record levels, an additional stimulant to the growth in money supply.

Pressure exists for a more conservative fiscal policy and for an acceleration in the crawling bi-monthly *devaluations of the* escudo. On the latter point at least, however, Dr. Leitao is not willing to move for the moment. To what extent the International Monetary Fund (IMF) *will* influence policy remains to be seen. Discussions are being held on a new medium-term facility of up to $1.5bn until 1984 for investments to make structural improvements in the Portuguese economy.

Last year was the first since 1978 when economic policy was not conditioned substantially by the dictates of the IMF; the *atmosphere now is altogether* more confident and less conflictive. Portugal no longer has any of its 689 tonnes of gold (valued at $254 an ounce) pledged. Officials also stress that previous IMF assistance was essentially concerned with balance of payments problems and current cash needs.

These problems of economic management should not overshadow the very important change in philosophy behind economic policy. The Government is committed to a major shake-up of the economy, designed to rid once and for all the negative influences of the 1974 revolution which led to the nationalisation of all major productive sectors and attempts to establish a form of popular/worker control of management. This was one of the major electoral promises of the late Sr Sa Carneiro.

Unacceptable

So far as the banks and insurance companies are concerned *this does not mean that the Government* will return them to private ownership. This is politically unacceptable and the Government has no intention of so acting. In an economy as small as Portugal's and one which is still so far behind the rest of Europe, state control is not considered disadvantageous.

The Government is *committed, however, to liberalisation* and the need to allow the private sector a foothold. The catalyst here is Portugal's entry into the EEC, now unlikely until 1984 at the earliest. The Portuguese have accepted the Community's principle of freedom of establishment and in negotiations have proposed a five-year transional period. Rather as in Spain, the liberalisation will be limited at first but nevertheless will create the necessary climate of competition and increased efficiency.

The Government also recognises the need to promote a fledgling money market and create a greater diversity of investment options. The principal outlets for savings in Portugal today are very limited—deposits, bonds and property.

Not everyone is so enthusiastic about these liberalisation proposals. The Left, and more particularly elements within the military-controlled Council of the Revolution, which acts as a constitutional watchdog, are hostile. The latter regard any *attempt to let in private enterprise* as the thin end of the wedge, eroding the socialistic achievements of the 1974 revolution.

Added to this are the more *realistic fears that sophisticated* international institutions would be too competitive for the overstaffed Portuguese banks, cushioned by cosy protectionism. The latter argument is partially true. But it is worth pointing out that the three largest banks—Banco Portugues do Atlantico, Pinto and Sotto Mayor and Totto and Acores—*are expanding internationally* to achieve growth and learning to be competitive.

Nevertheless the objections to liberalisation are real—and are underlined by the way the Council of the Revolution has consistently rejected all parliamentary legislation aimed at opening up the banking, insurance and financial sector to private capital.

Discussions between the AD and the opposition Socialist Party on the reform of the constitution will almost certainly result in agreement this year on abolition of the Council of the Revolution. President Eanes, himself a member of the Council, has accepted its disappearance. This will pave the way for such legislation.

In turn is will enable the Government to tackle in earnest the problems of the banking sector. One of the great weaknesses is the scarcity of medium and long-term credit. In 1980 only 12 per cent of total credit was medium-term, a seriously inhibiting influence on invest*ment.*

Another weakness is the low level of credit provided to the agricultural sector — a major employer and an important potential source of national in*come. Less than five per cent of* credit overall goes to the agricultural sector, far too little, but this low ratio is not just a function of the absence of term finance. It also reflects the chaotic state of title to land in the wake of the revolution, which has made borrowing extraordinarily complex—if not impossible in some cases.

The nationalised banks themselves, along with the insurance companies, are likely to be rationalised. In some ways perhaps a sign of basic Portuguese inertia, the banks have maintained their same basic pre-revolution clients and activities. There is now seen to be a need for greater specialisation. This could be aided by plans to place *the banks and insurance com*panies either into a properly organised holding company with other state-owned entities or in a separate holding company.

Such a holding company would, in theory at least, provide greater independence from the Government — it would also conform to AD's avowed aim of improving the management and productivity of state-owned entities.

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These are ambitious objectives which promise a radical transformation. Without such a transformation the Government believes Portugal cannot sustain sufficient growth rates to bring it more into line with the rest of Europe. At least Portugal now appears to have a more stable political base to achieve this.

Despite possessing differing political philosophies President Eanes and Sr Belsemao get along well together. AD has the necessary parliamentary majority and it only remains for the alliance itself to keep a united front. Sr *Balsemao's amiable personality* is considered too soft by some within the alliance. Yet he has so far preserved his authority and kept the rebels in check.

Thus if AD chooses to bicker and so destroy itself—always a possibility in a political clan with a predilection for permanent crisis—it would be an act of great blindness and profoundly damaging to Portugal's future.

Pressures for liberalisation gathering strength

STRUCTURE

JIMMY BURNS

BEYOND THE cobblestones and the beggars, and the fading graffiti of Lisbon's Avenida da Liberdade, the gleaming new offices of Banco Espirito Santo, one of Portugal's leading banks, stand out almost like something from the next century. In the boardroom on the 15th floor, amid the air conditioning and glass ashtrays, hangs a portrait of the bank's founder, slightly pompous in his Edwardian moustache. The mixture of confusion, innovation and tradition epitomises the fortunes of the Portuguese banking system.

The banks were the sector most affected by the turmoils of the revolution. The state took effective control of over 95 per cent of all banking activities, making Portugal the West European country where the state exerted the greatest power. Workers occupied boardrooms and displayed the accounts of the country's rich to the media. The chairmen of the boards fled to Brazil, hoping for better days.

For the Left, nationalisation of the banks was a sine qua non for profound change. Before 1974 the banks were generally family run and part of conglomerate empires that had wide ramifications through equity participation in industry, the Services and agribusiness. Under the old order they had enjoyed a privileged position and had come to symbolise the inequalities of Portugal, Europe's longest-surviving empire yet poorest country.

This background is necessary to understand the continuing opposition of certain sectors of Portuguese society to any attempt at bringing the structure of the banking system into line with the rest of Europe.

Efforts by Portugal's Centre-right coalition to open up the sector to private enterprise have been vetoed by the Military Council of the Revolution on the grounds that Portugal's present constitution defines nationalisations as "irreversible" conquests of the revolution.

Within the system itself the revolutionary legacy is to be found in the Communist-infiltrated workers' committees which send representatives to the weekly board meeting and in the openness of the banks' auditing.

A Portuguese bank's accounts must first be scrutinised by a supervisory body composed of a member of the Finance Ministry, managers, and worker committee officials. The accounts are then double checked by the Bank of Portugal before being sent to the Ministry of Finance for final approval. The accounts are then published in full in all the daily and afternoon newspapers.

Beyond this, the Portuguese banking system today bears little resemblance to the days of revolutionary turmoil. The Portuguese have opted for a parliamentary democracy along Western lines, and the banking sector has become a reflection of this.

It is now generally assumed that if Portugal is to enter the EEC, she cannot indefinitely deny foreign banks the right of establishment. Thus over the past two years, as a step towards liberalising the system, more than a dozen foreign banks led by Chase Manhattan, City Bank and Manufacturers Hanover, have been allowed to set up representative offices in Portugal.

Authorised

The Government has also authorised the establishment of private investment companies or parabanking institutions. Until now investment financing has been largely controlled by the state-owned development bank, the Banco Fomento Nacional. The authorities hope that the new move will stimulate medium-term lending to the private sector and provide an efficient advisory service in specific projects.

Officially, only one investment company has so far been approved. It is formed by the Portuguese financier Sr Artur Santos Silva and representatives of 83 Portuguese private companies. The group is negotiating the support of the International Finance Corporation, a World Bank affiliate, and West Germany's state-owned Deutsche Entwicklunsgesellschaft (DEG), each of which is expected to take a 15 per cent stake.

Waiting in the wings is a partnership put together by Sr José Manuel de Melo—one of Portugal's leading entrepreneurs—Deutsche Bank, and Morgan Guaranty Trust. Such groups could well become prime candidates for conversion into wholesale banks if the Government succeeds in breaking the state monopoly on banking.

The Ministry of Finance claims that the majority of foreign banks which have representative offices have already indicated their interest in opening up full branch offices once present restrictions are relaxed. And, despite the Portuguese propensity for promising much and delivering little, there are indications that a breakthrough might come in a matter of months rather than years.

Parliament is currently debating a substantial revision of the constitution and the main political parties are in agreement that the Council of the Revolution should be disbanded once the new text is drawn up before the end of the year. The Government will be able to push ahead with its liberalisation plans without the threat of further vetoes.

Most officials though are against an open door policy on foreign banks. Those which established themselves in Portugal under the old regime, Credit Franco-Portugais, Bank of London and South America and Banco do Brasil survived the revolution mainly because they have maintained a low profile in retail banking.

There is a feeling among the Portuguese that their market is just too small for a massive influx of foreign banks. Until recently it was thought that future legislation should follow the Spanish model. This consists of a hefty upfront entry fee, restrictions on local currency dealing, and on the amount of business in profitable guarantees.

Increasingly, however, the Portuguese regard the growing influence of foreign banks in the Spanish banking system with some disquiet and indicate that their law would need to block the loopholes. There is a particular fear of headhunting by foreign banks; that many top managers would abandon the state banks having been seduced by higher salaries and a more diversified career structure.

Nevertheless the principle of a more mixed banking system is widely welcomed among Portuguese bankers. Psychologically, the impact of foreign banks has been lessened by their increasing participation over the last two years in corporate financing through the Euromarkets, increasingly without the guarantees of Portuguese banks.

Moreover, although there is still an element of political factional fighting, the great paradox of the Portuguese banking system is its links with the past. The majority of those who now sit on the board of the Portuguese nationalised banks already had senior posts before their institutions were taken over by the state, and therefore now have fewer political objections to private enterprise.

Their view is that foreign banks will stimulate the system and force their banks to modernise in preparation for EEC entry.

Indeed, Portuguese banks are already in the grips of change. Since 1975 there has been one major merger and there are suggestions that there will be more on the way, almost certainly of the two or three small banks which are in financial difficulties.

One idea which is being considired in Portuguese banking circles is that foreign banks may be offered the chance to buy into a merged group or into one of the weaker banks individually. Full-scale reprivatisation of the system, however, is not thought of as a serious option, at least not in the short term.

Meanwhile, the larger and more profitable Portuguese banks, namely the Banco Portuguese do Atlantico, the Banco Pinto e Sottomajor, Banco Totta e Azores, and Banco Espirito Santo e Comercial, are expanding their activities.

In the past the state banks have been criticised for being bureaucratic and discriminatory against the private sector while often being guided by political rather than strictly economic criteria. Increasingly, however, the major banks are tending to act as private institutions in all but name, competing for funds and pressing for greater independence from the Government.

Ironically, the view one hears more openly expressed in the Ministry of Finance these days is not that the banks starve the private sector of funds but that they are dangerously overgenerous in exceeding their credit ceilings.

The major banks are also expanding abroad, opening up branches in countries which have a substantial trade relationship with Portugal and or where there is a large Portuguese immigrant community. They are also using this as a base to participate more directly in the Euromarkets.

The Banco Portuguese do Atlantico, for instance, has indicated that it would like to see the profits represented by immigrant remittances to double over the next few years.

Certain areas of the Portuguese economy are underfinanced and the Portuguese Government would like to see a greater specialisation among Portuguese banks. For example, agriculture accounts for only 4 per cent of the banks total credit. This has less to do with a lack of demand as with an absence of efficient channels for investment.

Agricultural

A step in the right direction was taken two years ago with the setting up of the Institute for Aid and Development to Agriculture and Fisheries. (IFADAP). This facilitates credit to the agricultural sector by screening projects, subsidising interest rates on loans from the banks, and co-ordinating the policies of the main credit institutions and the Ministry of Agriculture.

One suggestion is that IFADAP should be allowed to become directly responsible for credit to the agricultural sector. In the meantime its operations and those of the banks are not helped by the continuing complexity of land ownership in Portugal, split as it is between small family owned plots in the north and large estates in the south divided between the Communist collectives and former private farmers.

Another area of potential structural reform concerns the functions of the Bank of Portugal. Largely by force of circumstance rather than design, the bank has assumed almost superministerial powers in recent years. In moments of political crisis it has survived as one of the country's few stable institutions. It has supervised the IMF dictates and centralised at least one function that in pre-revolutionary days was the exclusive reserve of the Ministry of Finance: the auditing of bank accounts.

Now the Government has indicated that it would like the bank to free itself of at least some of its administrative responsibilities, which are regarded as excessively bureaucratic. However, the bank will continue to keep a strict control on money supply.

Earlier this year, a Government committee was charged with revising Portugal's banking legislation with a view to drawing up a new bank law in line with EEC regulations. In addition to the above reforms, the new law will need to include measures capable of dynamising the capital market which at present has a very narrow base.

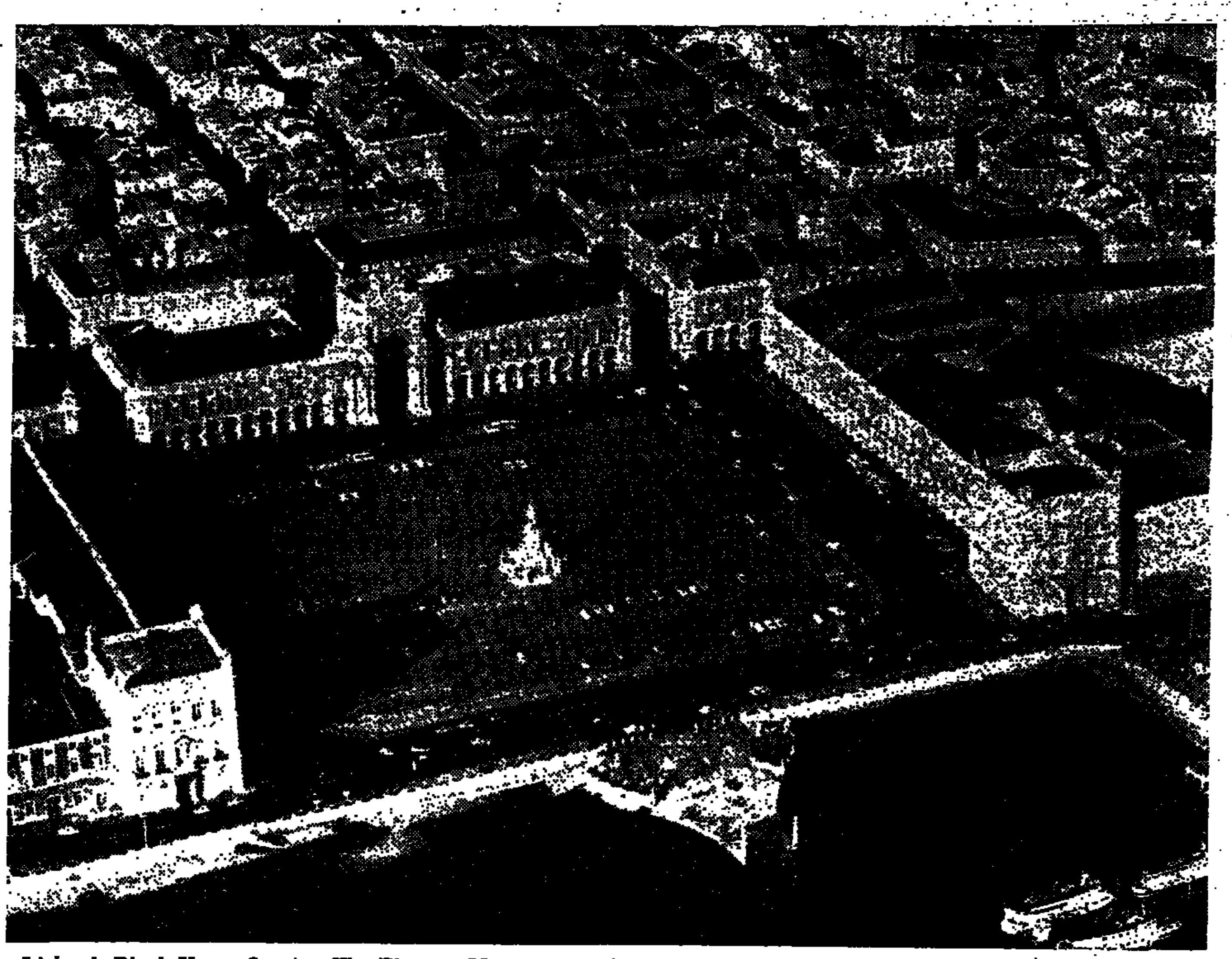
If the system is to be liberalised, however, the Government will have to accommodate the demands of the economy for reasonable term finance. Banks tend to gravitate towards short-term lending once funds are released which were previously tied up in state-directed, low interest, long-term investments.

THE PORTUGUESE ELEVEN

(Es bn)

		Assets	Own capital	Liabilities	Corrected profit	Deposits	Loans
1	Banco Borges and Irmão	139,238	2,346	136,892	653	13,058	97,556
2	Banco Crédito Predial Português	72,643	1,746	70,897	695	2,577	53,267
3	Banco Espirito Santo Comercial	156,271	5,708	150,563	2,455	20,174	102,838
4	Banco de Fomento Nacional	93,941	7,458	86,483	1,601	1,198	79,605
5	Banco Fonsecas and Burnay	80,900	2,901	77,999	551	5,537	53,609
6	Banco Nacional Ultramarino	152,280	2,374	149,906	1,151	17,856	74,204
7	Banco Pinto and Sotto Mayor	206,774	3,707	203,067	2,778	26,239	134,814
8	Banco Português do Atlântico	232,398	6,174	226,224	2,613	48,330	137,772
9	Banco Totta and Açores	149,523	2,606	146,917	1,436	11,879	106,079
10	Caixa Geral de Depósitos	318,766	24,023	294,743	9,234	23,159	216,490
11	União de Bancos Portugueses	121,141	3,389	117,752	576	9,124	75,888
	TOTAL	1,723,875	62,432	1,661,443	23,167	170,007	1,132,122

Source: The weekly O Jornal.



Lisbon's Black Horse Square. The Finance Ministry and Stock Exchange buildings are on the right of the picture

PROFILE: JOAO MORAIS LEITAO

Businesslike Finance Minister

Sr Joao Morais Leitao

JOAO MORAIS LEITAO, 42, is no economist. He sees himself as a cost-conscious pragmatic manager, trained for the legal profession who in his thirties ran a large private insurance company, learning the business on the job. He now heads an ancient and august institution where documents shift with all the dynamism of an arthritic snail.

Thus the Finance Minister's businesslike approach to the national coffers and his wry sense of humour should stand him in good stead. By 1984, the end of his tenure, Portugal should have entered the EEC. The role played by Morais Leitao and his team in streamlining the economic administration will be a vital one.

Some mechanisation has been introduced in the Financial Ministry in recent years, especially in the tax department. This has vastly accelerated collection and supervision.

But such is the abysmal haphazardness of general statistical services at the moment, that in July 1981 the Ministry is still working on estimated, not definitive figures for the 1980 external current accounts. This, officials admit, makes trade or growth targets intrinsically aleatory. It causes grave concern and irritation and, for the moment, has no apparent rapid solution.

While struggling to bring some 20th century efficiency and private business-style speed to the dusty byways of an elegant edifice that sprawls over half of the 18th century Black Hors Square, Sr Morais Leitao must also implement the key policy of the administration—progressive reductions in the number of civil servants in all areas, rational spending by state-owned companies, judicious juggling of inescapable economic growth needs with external accounts-related austerity, and fair treatment for Portuguese and foreign investors.

Such onerous tasks, and the need to reassure foreign creditors and interested investors and bankers that the economy is being handled judiciously in hard times would be rough enough in themselves.

But Sr Morais Leitao, a leading Christian Democrat and founder member of his party, has like his peers in the Balsemao administration, to often switch his thoughts from urgent government business to shrill party squabbles created by miniscule Social Democrat or Christian Democrat clans whose citizens are not in the administration and who seem bent on bringing down the people they endorsed. These dissidents appear unable to forgive the Premier because he is not the late Francisco Sa Carneiro, or the Finance Minister because he is not the former incumbent, Sr Anibal Cavaco Silva, a highly-visible figure the rebel Social Democrat admirers see as politico-economic saviour-in-waiting.

Their enthusiasm does not spread to experts who reckon that the previous Minister's pre-election largesse led to a \$500m deterioration in the balance of payments deficit and \$400m excess of lending in the last quarter of 1980.

He faces this with equanimity and a courteous refusal to discuss past policies or practices in public. Highly-praised as Minister of Social Affairs in the 1980 Sa Carneiro administration, where he rescaled pensions and began sorting out a hypertrophied National Health system, Morais Leitao now holds a difficult post. But he is known as a disciplined stayer, ready to accept responsibility for any bitter financial medicine the Government may have to dispense for the sake of a tidier, less state-ridden economic future.

Diana Smith

PROFILE: VICTOR CONSTANCIO

Experienced EEC negotiator

WHEN PORTUGAL'S chief Opposition economics spokesman, Sr Victor Constancio, tells you that an International Monetary Fund (IMF) team has just left town and will not be back to sign a \$1bn support agreement until it has received certain strict assurances about the country's credit ceilings and budgetary policy there is a glint in his eye.

Just over three years ago, when he was Finance Minister under the Socialist leader Dr Mario Soares, there was the same tough talk from the fund. Now, four government crises and two general elections later, Constancio can well afford the luxury of saying that nothing has changed.

Arguably Constancio's decision to sign a standby agreement with the IMF in the summer of 1978 was an act of singular political and economic courage.

To the Communist Party and Left-wing members of Constancio's own Socialist Party the signing of the letter of intent with the IMF was a cynical betrayal of Portugal's 1974 revolution. To sectors of private industry keen on expanding in preparation for Portugal's entry into the EEC, the Government's policy seemed no less disagreeable.

Disenchantment on both sides largely contributed to the Socialists' crushing defeat in 1979, but Constancio says he has no regrets about what he did. There was, he insists, no alternative to the harsh stabilisation programme agreed with the IMF. Portugal was on the brink of financial chaos with a huge balance of payments deficit, spiralling inflation and dwindling reserves.

He does, however, feel frustrated that he did not remain in power long enough to move into the second and more expansionist stage envisaged in his economic programme. He describes himself as a Keynesian rather than a monetarist and says that he succeeded in reducing the balance of payments deficit and inflation rate thanks to interest rates and exchange controls rather than through a strict control of money supply.

In political and economic terms 1979, the year of non-party governments, was largely wasted. By 1980 Constancio had stood up in the opposition benches and accused the Centre-Right Government of Sr Francisco Sa Carneiro of manipulating the economy for electoral ends—pushing for five per cent growth and lavish tax cuts when the situation demanded more caution.

Constancio might have acted no differently had he been in power and facing a general election after only six months. But he maintains that he is first an economist and only second a politician and that he does not believe in "demagoguery." As an economist he feels himself vindicated now that the present Government is having to tackle the consequences of last year's policies.

The balance of payments, the budget deficit and inflation seem once more to be badly out of control.

Were Portugal not so immersed in politics Constancio could well have been back in power now. But as a politician he has fallen from grace. At the Socialist congress earlier this year he failed to win support for a major re-organisation of the Party structure and opposition to Dr Mario Soares.

Following his temporary retirement from the political arena Constancio will concentrate in the two areas where he seems always to have worked best—the EEC and banking. He has been appointed to a "think-tank" which will advise the Government in its negotiations with Brussels. The team has already recommended a five-year transitional period governing the right of establishment for private banks.

Constancio was himself directly involved in the EEC negotiations as president of Portugal's Commission for European Integration.

He is also expected to return soon to the board of the Bank of Portugal. He has been a de jure deputy governor of the bank for the past two years but he expects to assume his full responsibilities once he resigns his parliamentary seat later this year.

Sr Victor Constancio

Constancio's reintegration into Portugal's most powerful financial institution will be in line with the general trend within the banking system. Increasingly the boards of banks are appointing individuals less for their political affiliations than for their technical expertise.

The Bank of Portugal, governed by an independent, Professor Jacinto Nunes, and a team of deputies balanced between Socialists and pro-Government bankers, contrasts refreshingly with the lack of consensus among the politicians.

Jimmy Burns

Queue forms to set up local offices

FOREIGN BANKS

DIANA SMITH

TWO VITAL premises are inherent in today's interest by several foreign banks in seeking a slot in the Portuguese market. These are that domestic or foreign private capital will regain legal access to the banking system and that the market will grow once Portugal joins the European Economic Community in 1984.

The first will remain an abstract until the Council of the Revolution and the Constitutional Commission, watchdogs of the socialising 1976 constitution, see fit to endorse legislation proposed by the Balsemao Government and accepted by Parliament, where the Government has a 16-seat majority. This legislation called for access by private capital to banking, insurance and the industrial sectors of cement and fertilisers. Similar Government legislative efforts in 1980—without benefit of parliamentary debate—were turned down by the council as being unconstitutional.

Bets are more or less equally divided, during this long summer recess, on whether this time an eight-man council of politicised military officers doomed to disappear with the impending review of the constitution will again reject this stab at liberalisation — or whether they will be moved to let it pass, thus avoiding the blame for continuing fossilisation of the system.

Meanwhile foreign banks of many nationalities are queuing up to solicit permission to open representative offices, which they may do under present legislation, on the understanding that when the law so permits they would want to open full branches.

At the moment three foreign banks, established well before the upheavals of 1974-75, run full operations: the Bank of London and South America (BOLSA), the Credit Franco-Portugais and the Banco de Brasil — the latter in a rather modest capacity.

Between them BOLSA and Credit Franco-Portugais handle only 1.5 per cent of the system's aggregate deposits — contrary to the popular myth that when 1975 came, with its revolutionary nationalisations, a tidal wave of Portuguese private and corporate money poured into the foreign banks. Retail business briefly increased and wholesale picked up; now things are solid but rather quiet.

Current foreign full operators must go through an immense bureaucratic labyrinth in order to be able to open new small branches catering for new business developments. But they are old hands at the waiting game that is the occupational hazard of anybody who deals with Portuguese officialdom. They nurse their customers and watch for signs of growth potential.

Institutions like the Banque Nationale de Paris have quietly operated a representative office here for several years. Now the big international groups are *moving in* with new representative offices, waiting to reap the fruits of liberalisation. In the past couple of years Chase Manhattan, Citibank, Manufacturers' Hanover Trust, the Bankers Trust, Barclays International—to name but a few—have stepped into the position where, all things considered, they can convert into full branches when the right time comes.

The question arises whether these and the many banks queuing for permission to have representatives here would find enough customers or raise enough local assets even in a more dynamic Portugal of the future. Even so, their interest is undeniable.

The future of Portugal's eight nationalised commercial banks is of some interest, too, to some foreign institutions, since the present administration is keen to see these national banks stripped of excess fat and whipped into European shape.

Wonders

It is occasionally discreetly suggested that a judicious dose of foreign capital would do wonders for a Portuguese bank once the market laws are clarified—or that, should the risks of Europe prove too heavy for one or more of these institutions, a foreign buyer might be found.

But in this period of political transition suggestions are a glut on the market and practical action scarce. Furthermore, the question of Portugal's relative smallness as a nation cannot be overlooked. Its 9.8m population grows at just over 1 per cent a year; its dream of energetic industrialisation is that it would enable it to catch up from the bottom rung of the European ladder—saddled as the country is with huge regional pockets of absolute backwardness—and not to expand an already consolidated market. Realistically, no one expects the arrival of a flood of European, American or Japanese industrial capital, whether majority or minority, that would swamp Portugal from the Minho to the Algarve once capital flow and the right of establishment are free.

Equally realistically, forays into new financial activities now progressing — if that is the right word — through study groups which could make operations more diversified for new foreign banks will take, it is estimated, years to ripen into sophisticated money or shares markets.

The possibility of turnkey industrial energy or transport projects is an interesting financing package carrot — as is the possibility that one day the ex-colonies of Angola and Mozambique, with their huge potential in minerals, coffee, cotton and diamonds—could look more to the West and filter enquiries through Lisbon, with which their relations have improved greatly in recent times. But this is far in the future.

Any assessment of Portugal hinges on how successfully this and coming administrations can practise what is so sincerely preached: liberalisation, modernisation and openness to foreign capital, know-how and trade.

Arguably, the economy has never been more vulnerable than now. The growing strength of the dollar is aggravating the burden of essential imports of fuel and food; export markets have shrunk. But the political risk factor is comfortably low.

The Portuguese often become querulous — and occasionally seem hypnotised — when beset by the arcane meanderings of the self-styled political class. An uninformed observer might be forgiven for thinking the system, government or entire nation was daily on the brink of collapse. But having loquaciously aired the national spleen all but a handful would be vehemently opposed to giving credence or support to any attempt to overthrow their gradually maturing democracy. Having had an overdose of upheavals in 1974-75 they long for respectability. Their next step is to translate that longing into the productivity and thrift of their emigrant peers.

Need to inject new life

CAPITAL MARKETS

DIANA SMITH

IMAGINE THE scene: vans parked on the pavement outside the Lisbon Stock Exchange, loaded with shares certificates; bundles of cash changing hands, not at all discreetly, as passers-by grab at dozens of shares in the 150-odd companies quoted on the exchange; a share nominally worth, says, Esc 500 (£4) selling across the steering wheel for ten or 20 times that amount.

Meanwhile back in the vaulted marble hall of the exchange, trading was as frenetic as outside, and share values equally inflated. When companies, trying to halt this madness, refused to issue more share certificates, brokers were offering clients slips of paper that read: "worth 100 shares of company XYZ."

Even so, demand for shares was so wild that companies did a trade-off with would-be stockholders. In exchange for a parsimonious number of shares (with certificates) they would exact hefty purchases of company bonds.

Enlisted

All this had two side-effects. To raise money to buy millions of escudos of bonds, share-hungry citizens took out heavy bank loans. To secure as many shares as possible they enlisted gardeners, chauffeurs, laundresses or ladies' maids in their employ as "fronts" — using their names as purchaser and financing the operations on their behalf. This led to numbers of domestic employees becoming "rich" on paper — briefly — but not in practice. Their employers were no philanthropists when it came to profit-taking or collecting dividends.

That was the world of the Lisbon Stock Exchange between 1972 and April 24 1974 — a speculative madness abruptly halted by the military coup of April 25. Like most coups, military or civilian, it brought closure of all financial activities "until the situation was clarified."

Even when it was the exchange remained shut — and sealed. IOU millionaires, theoretically rich domestics and bankers whose loans had financed the euphoria went into a state of shock.

Everyone and no-one was running the country at the time. No one could say what would happen to the members of the public who had fallen prey to the urge to make a quick killing on an insecure exchange.

There was worse to come for shareholders. On March 11 1975 the banks and insurance companies, then holders of the lion's share of Portuguese industry and commerce, were nationalised, sweeping into public ownership most of the concerns once so exuberantly trade on the stock exchange. The exchange meanwhile remained under seal.

Holders of share certificates were ordered by the revolutionary government of the day to deposit these certificates in a (nationalised) bank of their choice and await further instructions.

It was a long wait. The exchange reopened in 1977 in shrunken form; only 23 companies were quoted. There were more bonds than stocks on offer. Operations were tightly supervised by the Finance Ministry to ensure that there could not be a repetition of the 1972-74 circus. Share prices were modest and there was very little interest in the re-birth of the exchange under such austere management.

Meanwhile, former shareholders who had taken out painfully large bank loans to acquire pre-1974 bonds, using their stock as loan security, were in a pickle. When compensation was finally offered for frozen or nationalised stock, it came at the nominal values of April 24 1974—a tiny fraction of the exorbitant prices purchasers had paid. The situation remained difficult until a decree was subsequently issued freeing bond or share-related loans from interest for their last seven years and instructing banks to accept the going, not nominal, 1974 rates for shares held as security.

In 1981 the exchange is as clean as the proverbial whistle but also about as dynamic as a car engine run on lukewarm beer. It needs new stock and new clients. It has received something of a spur from this year's Government issue of negotiable bonds — totalling Esc 10bn (£83.3m) — aimed at coaxing individuals into helping to finance state-run enterprises like the Post Office, Quimigal (a chemical and manufacturing complex), Cimpor (cement of Portugal) and the Portuguese Electricity Corporation, thus easing the burden of the state-owned sector on taxpayers and the budget.

The bonds have met with the sort of success that makes Finance Ministry officials smile; all issues have been oversubscribed. They bear nearly 21 per cent interest, are exempt from capital gains tax and were as lavishly advertised on TV as fertilisers, detergents or jeans.

Having satisfactorily tested the public's willingness to invest rather than deposit, the Government is now eager to lure it into a re-energised and enlarged stock market. It has begun to wave promises of tax and financial incentives for companies wanting to go public.

If there are enough takers this should one day make the exchange something more like the exchanges of Portugal's future EEC partners; a spur to industry, not a half-forgotten corner of Black Horse Square.

Memories

The Government considers that memories of the heady old days have faded enough for small or medium investors to come to the stock exchange and small/medium companies to trust its mechanisms.

But as in all things financial and Portuguese at this time, there is much holding back, contingent on review of the constitution and progress of negotiations with the EEC which will mark the confidence—or lack of it—of Portuguese industrialists in their and their country's future.

Meanwhile, Portugal's money market is so discreet as to be invisible to all but initiates. It consists of a meeting each weekday, presided over by the Bank of Portugal, of representatives of the commercial and institutional banks. There, in gentlemanly fashion, interbank borrowing is settled. It is thought to work satisfactorily and is not likely to diversify just yet.

When musing on how Portugal's financial markets could be stimulated and made more interesting for public and operators alike, some bankers suggest that introduction of negotiable certificates of deposit—carefully monitored, like the exchange, to avoid speculative dealings—might be a valid innovation.

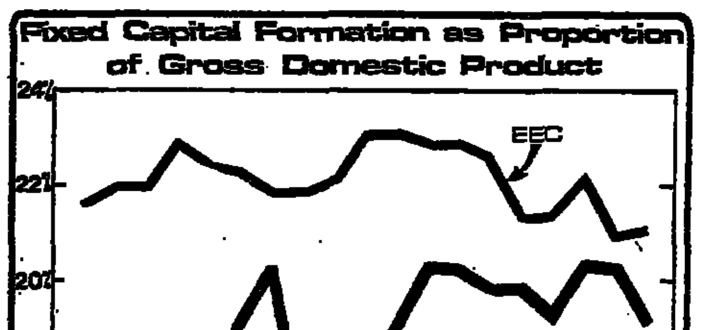
A spot, and eventually futures, foreign exchange market will come as EEC accession approaches—when, as one official put it: "The escudo will have to be quoted somewhere, and Lisbon is a logical place to start." Gradually other currencies would be introduced until a fully fledged market grew up.

When looking to the future and imagining a Portugal with new markets, forecasters tend to wince at the thought of what could happen if the present telecommunications system is not vastly improved.

The telephone exchanges that cover most bank headquarters, the Finance Ministry, the Bank of Portugal and other key bodies either give a screech, an engaged signal before even three of the six digits have been dialled, or a ringing tone (for those who have the patience to make five or six stabs at the same number) that gives two sad whines then falls into silence.

That great innovation, direct dialling to the U.S., as launched last February, would be wonderful, say disgruntled bankers, were is not that it is usually impossible to dial the number of your choice because the 097 dialling code that switches you into transatlantic contact is always engaged, and it is back to the friendly but overworked Radio Marconi operators whom 097 is not yet in a position to supersede. Such drawbacks are recognised but the post and telephone company has not yet said when it will invest heavily in new equipment.

Fixed Capital Formation as Proportion of Gross Domestic Product



Source: National Institute of Statistics

PROFILE: JACINTO NUNES

Head banker supports reforms

DESPITE the enormous upheavals which followed the 1974 revolution one of the most striking aspects of the Portuguese banking sector is its essential continuity. Most banks were nationalised and worker committees briefly occupied board-rooms. But Portugal's major credit institutions have maintained their basic pre-revolution clients and activities and in many cases are managed by the same people.

Professor Jacinto Nunes, the 53-year-old Governor of the Bank of Portugal, personifies this paradox. He has survived within the system, moving from one important post to the other and as a result probably knows the inner workings of Portugal's finances better than anyone else in the country. Some Portuguese bankers and economists have fallen from positions of influence because they meddled in party politics, but Nunes has managed to keep his professional status untarnished.

He describes himself as an "independent" and he has never involved himself in faction fighting, leaving his lines more or less open whenever a government has changed.

His record is an impressive one and begins with his professorship at the University of Lisbon where he tutored some of the country's leading economists. They include Sr Victor Constancio and Sr Anibal Cavaco Silva, both former Finance Ministers.

During the old Salarist regime Nunes served as Secretary of State for Finance and Chairman of the Caixa Geral do Depositos, the main savings bank, a post he retained after the revolution.

Nunes served on the board of the Bank of Portugal before being brought into the government of Sr Carlos Mota Pinto in 1978. In retrospect this can perhaps be seen as Sr Nunes' least successful period.

During the ill-defined days of non-party government, he was given the posts of Deputy Prime Minister, Finance Minister and Minister in charge of EEC negotiations.

In the view of his critics Nunes' reputation as a surviver, like the system he epitomises, reflects nothing more than basic Portuguese inertia.

His defenders suggest that Nunes' low profile approach is just what is needed at the Bank of Portugal, which in recent years has assumed almost superministerial powers.

Jimmy Burns

Alone in its booming world

PROPERTY

JIMMY BURNS

WHEN HE took office early last year Sr Nuno Abecassis, Lisbon's mayor, announced an ambitious property development scheme to transform the Portuguese capital from looking like a small provincial town into a "grand metropolis on a European scale."

The Lisbon municipality is one of Portugal's largest land-owners. Sr Abecassis has offered large tracts of the city and its surroundings at cheap rates, for development by private building contractors. They are allowed to develop 85 per cent of the land for their own profit but must use the remainder to re-house low-income families in low-cost housing at fixed rents. According to Sr Abecassis the municipality will screen construction projects to provide not "just the building of slabs but a fully integrated local society of shops and green spaces, sports and cultural facilities.

Sr Abecassis is the first to admit that alongside the social considerations behind the scheme there is a good dose of down to earth business sense.

For property in Portugal *is* business. In the absence of other major investment outlets property is one of the main sources of both savings and speculation. There can be few more striking images than the squat houses built of concrete and slate which are dotted around Tras-as-Montes, Portugal's most backward region in the north east. In the midst of the stark countryside, devoid of factories and supporting infrastructure, the tiny buildings represent a sense of hope in the future.

They belong to some of the million or so Portuguese who since the early 1960s have emigrated to work elsewhere in Europe. Despite the African wars and the subsequent revolution, their money has been channelled back—a reminder that for the Portuguese, property—like the family—has always been of prime importance.

But it is in Lisbon that property has become a particularly valuable asset. It is not just the capital—it is the country's largest town and, with the exception of Oporto in the north west, the only urban centre of any substantial size, if the surrounding industrial zones are included one in five Portuguese live in greater Lisbon, making Portugal as top-heavy in urban population as Greece.

The demand for housing and office space has always been considerable—except after the revolution when the threat of a communist take-over led to a rush of panic selling and a massive exodus of capital. House prices plummeted by 50 per cent inside a year and the owners of two or more houses found themselves having to pay their friends or acquaintances to occupy the buildings so as to prevent the workers' militant party cadres from claiming it for the "people."

Foreign journalists or expatriates who had decided to brave the storm found themselves in a particularly advantageous position. They were offered luxury houses and flats for rents of under $60 a month. For the owner the payment was a useful source of foreign exchange to be tucked away in some European bank.

Nostalgia

Journalists and expatriates are not alone in looking back at those days of revolution with a touch of nostalgia. As the communist threat has receded and a measure of political stability restored so the speculative boom has again taken off. Not everyone has gained.

Until recently it was estimated that over a tenth of Lisbon's population of 1m lived in cramped and unhygienic conditions, many of them in buildings only partially restored following the earthquake of 1755 and now on the verge of collapse. Over 30,000 live in "*barracas*" or illegally constructed shanty huts in and around the capital.

Portugal's democratisation has been slow in coping with the problems. The Portuguese had their first free local elections in 1976, but financial, administrative and political control has remained centralised in a state bureaucracy inflated by decolonisation and paralysed by the dictates of constantly changing governments. The elections should have given local authorities power over planning and building but instead they have turned the municipalities into ciphers waiting for resources which never came.

With the lack of either central or local control property in the big cities has tended to run riot. Until recently rents in Lisbon were officially frozen. Theoretically this protected the tenant against excessive charges, and indeed low income earners were to be found in central Lisbon still living in flats they or their families had occupied for over 20 years and paying $20 a month. By law, moreover, it was very difficult for the owner to remove them.

As the population increased, the rent system served to compound the problem. Property developers have been dissuaded from building new flats or houses for rent. Owners of unoccupied existing houses or of buildings that were temporarily occupied during the revolution have got round the lax rent controls and speculated wildly with "key-money" charges on top of the official rent.

As in 1975 the system has been largely fuelled by foreigners. Company allowances allow them to pay up to $1,000 a month for the same flats their predecessors paid $60 for in 1975. According to a survey carried out by a Lisbon newspaper recently the authorities in 1980 registered only 300 official rent contracts. Increasingly foreign companies and embassies have been buying property rather than renting it, if only to insure a minimum element of inflation-proofing.

But the hardest hit have of course been the Portuguese themselves, whose salaries rarely extend to covering the rent of a flat or the purchase of a house. Officially, successive Portuguese Governments have tried to deflect the social impact of all this by juggling the statistics. The price index quoted every month has always studiously excluded housing costs. Thus last year for instance the election-bent Government party boasted of *having brought inflation down* to 16 per cent when house prices had in fact increased by an estimated 40 per cent.

In theory at least Sr Abecassis's plan is the first concerted attempt since the revolution to hitch on to the potential of property while insuring a strong element of careful urban planning. The mayor confidently predicts that in the next five to seven years a $40bn scheme will eradicate a large part, if not all, of Lisbon's shanty problem. Equally important, Portugal's private construction industry has received the scheme as one of the first major incentives for them to invest since the revolution.

Devolution

Sr Abecassis has been helpe by new legislation designed to grant greater political and financial devolution to the loc authorities.

A further law approved recently by the Government of Sr Francisco Balsemao will aim at a more flexible and efficient rent system. The new legisla tion will free rents completely for the owners of new flats. But they will be given the option of controlling rents to 7 per cen of the original value of th property plus an additional sum linked to inflation and agree with the authorities. This wi entitle the property owner t tax incentives.

The success of the schem will depend as much on th goodwill of the propert developers as on the ability o the Government to insure a element of social justice in th distribution of housing.

The Portuguese balance o payments this year seems s yet again to be "saved," than largely to a strong increase remittances from abroad. N one, not even the Bank Portugal, will venture a gue as to the extent to which th figure also represents capi being returned to the count by people who smuggled it o in 1974. But it does seem th funds are increasingly bei repatriated—albeit cautiously.

Property appears to have future not only in the urb areas but also in the tour zones like the Algarve wh foreigners and Portuguese ha emerged from the revolution enjoy a property boom probab unmatched anywhere in Europ

Major encouragement for private finance

INVESTMENT COMPANIES

DIANA SMITH

THE AUTHORISATION of private investment companies in Portugal represents a major step in the Government's attempts to unshackle the state-dominated banking system in preparation for entry into the EEC.

The Portuguese constitution and the veto of the Military Council of the Revolution currently proscribes the establishment of private banks. Foreign banks which existed in Portgual before the revolution—Banco do Brasil, Bank of London and South America and Credit Lyonnais (now Credit Franco-Portugais) have survived because they have stuck to a low profile and largely non-aggressive role in retail banking.

Investment companies, described by law as "parabanking institutions" appear to have got round the objections of the constitutionalists.

Investment companies are not legally able to accept short-term deposits. They can, however, concentrate on medium- and long-term credit to small- and medium-sized private concerns, although lending to state companies is not excluded. This move is expected to stimulate the economy.

Following the revolution, investment financing was concentrated in the Banco Fomento Nacional, the Caixo Geral do Depositos, the Caixa Predial and the Instituto Financeiro. The latter ceased to operate last year. The remainder have in recent years been accused by the private sector of being discriminatory and bureaucratic and of concentrating excessively on short-term lending.

Investment companies will be able to provide the Portuguese entrepreneur with venture capital. They will also act as a "go-between," co-ordinating the demands of more profitable companies which wish to expand their activities and those of weaker concerns which are under-financed or facing bankruptcy. They are expected to be particularly active in attracting foreign investment to Portugal in the form of join ventures.

The transfer of funds and shares between one company and another will also have a revivifying effect on Portgual's more or less dormant stock market. The Lisbon and Oporto stock exchanges, although still housed in impressive buildings, in practice deal only in a small number of pre-revolutionary shares.

Most of the more profitable companies in Portugal were nationalised in 1975, while many of those that survived were small family companies not controlled by the conglomerates. Until now there has been no mechanism in the nationalised banks for helping a company that wants to tap the stock market. The banks thus do not manage any unit trusts, do not get involved in mergers and have until recently ignored leasing.

Critics of investment companies claim that they will undermine the activities of the Banco Fomento and the Caixas and might eventuallly lead to their disappearance. But within the banks themselves there are those who insist that investment companies will only contribute to a more competitive and efficienct system.

In October the first investment—set up collectively by a former deputy governor of the Bank of Portgual, Sr Artur Santos Silva, shareholders of 83 leading private Portuguese companies and the reported backing of the International Finance Corporation (World Bank affiliate) and West Germany's state-owned Deutsche Entwicklungsgesellschatf (DEG)—will begin operations.

In recent months there have been rumours that a further application has come from the Espirito Santo family, one of the handful of families which controlled the Portuguese economy through equity participation in industry, services and agribusiness.

But according to the Ministry of Finance the only other letter of intent has been that first submitted by a joint group (MDM) put together by Sr Jose Manuel de Melo, former head of Portugal's biggest conglomerate—CUF—before its nationalisation, with Deutsche Bank and Morgan Guaranty Trust of New York. Shareholders in the group were meeting this month to decide whether to apply formally for authorisation as an investment company.

Studies

While waiting in the wings, however, MDM has established a slim operational base as a financial services company. Working from its small but functional new offices off Lisbon's Avenida da Liberdade, it has already provided useful feasibility studies for a number of Portuguese and foreign companies, as well as co-ordinating joint ventures and takeovers. It recently played a little publicised but central role in the attempt by Whitbread, the UK brewing group, to take a majority stake in Sogrape, the privately owned Portuguese wine concern which produces the internationally famous Mateus Rose and Vinho Verde.

MDM claims that over the last year it has had work passed on to it by the state-controlled Foreign Investment Institute, which is officially in charge of screening and approving foreign investments in co-ordination with the Bank of Portugal and the Ministry of Finance.

The hesitance of MDM and the apparent reluctance of other private groups and foreign banks to come forward as investment companies has been largely because of the lack of clear guidelines.

A first draft law was approved in 1979 during the non-party government of Sr Carlos Mota Pinto. The law was a compromise between various proposals, the two main ones being that of the Bank of Portugal and the Social Democrat Party (PSD) of Sr Francisco Sa Carneiro. Its main condition was that medium- and long-term credit should be directed at investments of "national interest," namely projects that were export-orientated and or labour-intensive.

Among the more specific conditions was a minimum initial capital of Es 400m, a clause stipulating that no shareholder would be allowed to hold more than 20 per cent of the investment capital, a gearing ratio between capital and liabilities of 1:10, and finally that cash bonds issued by the investment company should have a minimum maturity of ten years.

The initial reaction was mixed, as between interested partners like MDM which believed the law had not gone far enough and members of the Communist and Socialist Parties that thought it too liberal. Both parties combined to defeat the statute in Parliament and a new law was pushed forward.

This put severe restrictions on investment companies. Among the most notable was the reduction of the gearing ratio from 1:10 to 1:9 and a ban on the issuing of cash bonds and the receipt of deposits in foreign currency from foreign credit institutions. The new law also included a stipulation that the state would not be allowed to participate in an investment company unless it did so with more than 50 per cent of the total holding. Given that the original law had placed restrictions on the maximum holding of private companies this clause was regarded as blatantly discriminatory.

Following the electoral victory of the Centre-Right Democratic Alliance in December 1979, a third investment company law was approved by Parliament. This was a more liberal version of the first.

Further restrictions have been lifted by the present Government of Sr Francisco Pinto de Balesmao and MDM regards the law as about the best they can get given the circumstances. An investment company now has consoiderable freedom to transfer shares, obtain foreign funds and accede to Portugal's existing inter-bank market, while enjoying the fiscal and financial incentives recently approved by the Government.

Once foreign banks are allowed to establish themselves in Portugal investment companies should be candidates for conversion into wholesale banks. Meanwhile interested partners now have the minimum conditions to at least test the ground.

Generous package but contents hard to interpret

INVESTMENT INCENTIVES

DIANA SMITH

EVERYONE knows it as SIII, in other words, the System of Integrated Investment Incentives. The scheme is indisputably magnanimous — to investors, it offers exemption from or 50 per cent reduction of conveyance tax on property purchase, exemption from manufacturing and complementary tax for up to nine years, speedy write-offs (up to 12 years) of property assets.

It also offers tax deductions for outlays on staff training or special technical training, exemption or 50 per cent reduction of value added tax on gains from increases of capital, exemption or 50 per cent reduction of capital gains tax on loan interest, tax exemption on all or half the interest paid on guaranteed loans, reduction of net profits tax on up to 20 per cent of shares realised to finance a project, subsidised interest on bank loans—gauged according to how many points the project merits, valid for five years and applicable to loan tranches for fixed capital formation, but not land acquision.

That is the good news.

The bad news is that, born last year — and conceived as a set of guidelines for the future complexion of industry —as much as a comprehensive incentive scheme the complexities of SIII are so hideous that many would-be applicants throw in the towel before getting halfway through what is known in double-speak as the "instructions" or "explanations."

The essence of the scheme, which must be reread more than once while suffering the effects of advanced migraine, is a points system based on three criteria: performance, sectorial priority or regional priority. High points are given for import of capital and proposals for a healthy company trade balance, or intention to invest in the priority sectors of basic chemicals, minerals, machinery and food processing, or in more backward regions. All this complies with the Government's ambition to see new and thriving industrial estates far from Lisbon and Oporto. The system does not discriminate between Portuguese and foreign capital.

Applicants must have sound financial standing, put up at least 25 per cent of their own resources, open their annual accounts to audit once the project gets going, and not distribute profits made during the time special incentives are operating, without permission from the Bank of Portugal. Once the project is off the ground and applicants have showed their capacity for performance they can also expect operational subsidies, job creation subsidies and new investment subsidies.

By the end of 1980, the first year of SIII, 193 proposals had been made, involving $180m. That was proclaimed highly encouraging by some and a poor showing by others.

Inevitably much of the blame for slowish response to the Government cry for an upsurge in private investment, diversification and rapid creation of a healthier industrial base, theoretically spurred by SIII unprecedented largesse, has been laid on what one critic described as "a document designed to discourage investors, written by a faulty computer for equally faulty mini-computers."

As if the paperwork were not enough to daunt a race of latter-day Einsteins, tardiness in approval of projects has been pinpointed as another deterrent to a more rapid flow of new investment or expansion projects. The present symbolic relationship between banks and the powerful Central Bank, which has the final say on approval or rejection of SIII applications, means the banking system cannot take its won incentives but must present a dynamic image of itself as prime promoter of the scheme.

Applications referred to the Bank of Portugal may lie in the bureaucratic deep-freeze for months. When credit is tight this makes some contribution to maintenance of monthly targets, but also creates a gap between ministerial blandishments to Portuguese or foreign private investors and the lethargic bureaucratic reality they face once they fill out the first form destined to suck them into the creeping magical mystery ride of the SIII.

Sensitive to repeated complaints, from bankers and businessmen, about the mind-boggling complexities and maddening delays of SIII, the Government has promised to simplify the scheme as a matter of some urgency. It plans to eliminate some of the befuddling cross references, make the basics of the points system more simple and attempt to accelerate bureaucratic processes. Speed, as a North American or Northern European understands the word is something to which this Government often aspires.

It also yearns for simplicity of administrative practices. Meanwhile a perverse gremlin devised his integrated incentive system that makes the earlier tangled, form-riddled and time-wasting systems look like a model of efficiency. Officials wince whenever someone asks: "Have you established reward for the first person who reads the SIII directions from start to finish without developing Dementia Praecox?" A sense of humour helps those trying to brave the system — and the Portuguese excel at spontaneous distillation of their national foibles into jokes.

Authorities aim to foster the professional touch

INSURANCE

DIANA SMITH

NOT LONG ago Portugal had 48,550 largely amateur insurance agents serving 48 insurance companies—an astounding average of one agent per 110 registered voters and, for some of the larger companies, a burden of over 6,000 "helpers" whose knowledge of the business was often limited to contacting possible clients and passing on their names and addresses to the companies. For this they received commission of 5 to 10 per cent.

Times have changed. To secure a licence individuals must take a six months training course from the insurance companies, with the backing of the National Institute of Insurance, a body presided over by Sr Rui de Carvalho, who is resolved to take the amateurism out of Portuguese insurance. Remembering that sub-teenage boys were once registered as agents to save their fathers paying taxes, the need for change is understandable.

The Institute has also set up Portugal's first training courses for employees of insurance companies—on the principle that learning the job on the spot is all very well, but in today's competitive world, mastery of techniques through intensive professional courses does no harm to an industry that has many management shortcomings to overcome.

When the Portuguese insurance companies—offshoots of the country's former industrial financial oligopoly—were nationalised by revolutionary demand in 1975, there were 77 operators on the market. Judicious pruning or mergers aimed at increasing company size and weight has reduced the number of operators to 48—eight state-owned Portuguese companies, eight mixed public/private concerns, four mutual companies and 28 agencies of foreign insurance ance companies—of which 16 are are British.

For the moment, the sector is off limits to new private investment but in due course, along with banking, cement and fertilisers, should be accessible again, once legislation is sorted out.

Reduction of the plethora of small Portuguese companies meant an improvement in portfolios from an average of Es 96m (£800,000) in 1973 to an average of £5.5m in 1980. Meanwhile the annual value of premiums handled has grown from Es 81.9bn (£157m) in 1978 to £199m in 1979 and £270m in 1980—with particular emphasis on growth of life insurance (up 32.7 per cent from 1979 to 1980).

But while the companies' financial situation is considered tranquil, partly due to high international interest rates, the technical side of Portuguese insurance has often nowhere to go but up.

Streamline

Officialdom is only too aware of this. In recent times an injection of outside energies was introduced to the boards of several nationalised concerns by bringing in internationally-minded chairmen with wide experience in industry, banking and marketing, not tied to old approaches and resolved to streamline and consolidate.

Dismally, in a country with an ancient, ailing automobile fleet and the third largest per capita wine consumption in the world—600,000 known alcoholics in a population of 9.8m—compulsory third party risk insurance for car drivers was only brought in in early 1980. Only in mid-1981 was legislation passed imposing heavy penalties for driving under the influence of drink. Insurance companies had been calling for such measures for years but the impression was often left that a car driver was a sort of "sacred cow" not to be disturbed by due process of law.

Inspection of premises for fire risk is haphazard, correction of negative findings cannot be enforced under present laws. Proprietors, manufacturers and workers are considered almost equally at fault—the former for neglecting to place proper guards around machinery, to repair faulty staircases, replenish extinguishers, or in the building industry, supervise scaffolding. The latter for refusing to wear safety helmets when they are provided, or drinking too much at lunch and becoming careless. The result is a ratio of accidents at work far higher than the European average, and regular destruction of homes, commercial premises or fine national monuments, by fire that could have been avoided.

The Institute is promoting Portugal's first prevention seminar in October. But in one area. Portugal has been innovative rather than laggard. Crop insurance, introduced in 1980 and considered of utmost importance in a country whose weather is becoming as unreliable and, occasionally extreme, as that of Great Britain. The scheme covers grains, oil seed crops like sunflower, tomatoes, vines, orchards and greenhouse products—about 50 per cent of all Portugal's agricultural produce.

For damage by fire, lightning or explosion, tornados, downpours, hail and frosts, the client receives coverage of 80 per cent of the damage minus 5 per cent franchise on his capital. The idea is to coax farmers to grow the right crops for the right areas, offering premium bonuses of up to 50 per cent if the farmer fulfils pre-set conditions of weight of capital, use of land, type of crop and so on.

The scheme is operated by a pool of Portuguese and Foreign insurers backed by a special crop insurance fund set up by the Finance Ministry.

Expectancy

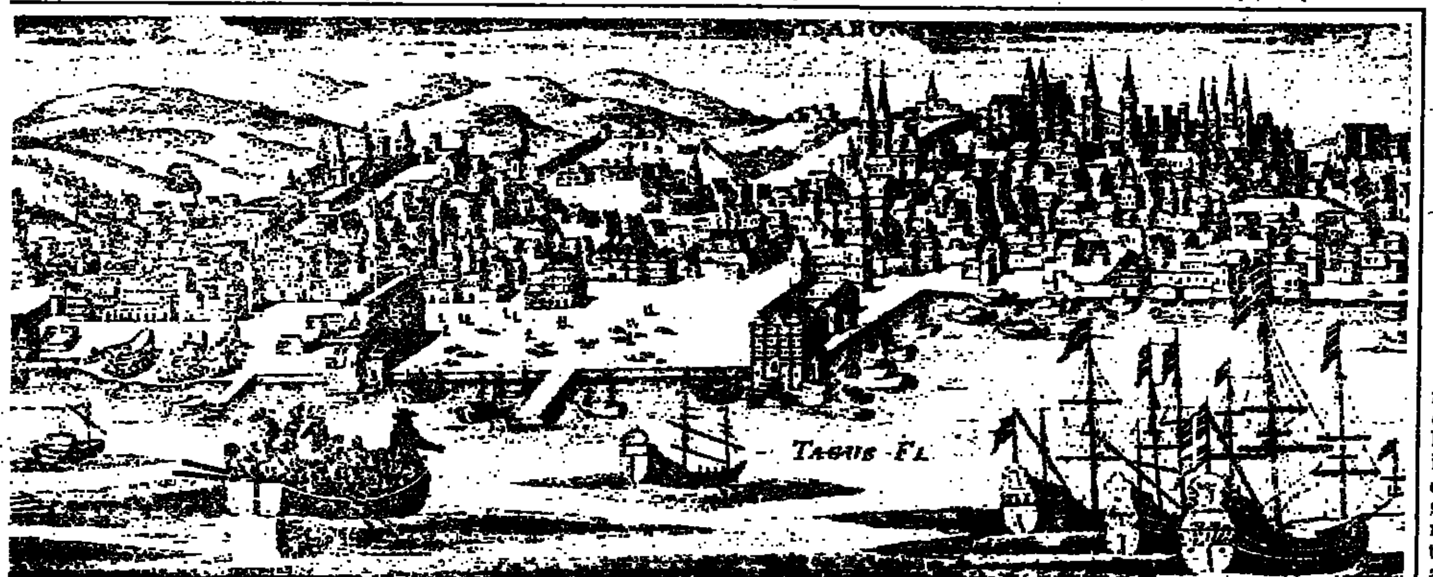
At this stage, Portuguese insurance, like every other aspect of its economy, is in a state of expectancy while EEC negotiations proceed. In Portugal's case the structure of companies will not need much legislative alteration but attitudes towards risk assessment and management and mechanised data processing as opposed to the elderly clerks with the grey hair laboriously penning figures in some dingy corner, must be revised.

Inevitably, foreign companies, who have a particularly substantial share of the life, car and fire insurance market, have a technological edge on the nationals. They are far ahead in most cases.

But under the promotion of the Institute, consultations, conferences and seminars are held regularly with foreign experts either to compare notes on the demands of EEC entry or to absorb useful advice on purely technical aspects.

More ambitious Portuguese companies are expanding abroad with agencies or representative offices. Imperio is one case in point, having had European outlets for some time it has become the first Portuguese insurance company to open a branch in the still-Portuguese colony of Macau — growth area for the banking and insurance industry since it is a springboard into China.

In an extremely politically-sensitive area—dealing with the war-torn former Portuguese colony of Angola which was tense until recently—a small success has been scored. After confiscating Portuguese insurance companies operating in Angola after the civil war and independence of 1975, the MPLA Government set up a national insurance company that has begun to place its reinsurance in Portugal. This crucial step was achieved through discreet contacts of the sort private and public Portuguese citizens have specialised in during recent times, taking politics out of dealings with Angola, making no demands and offering a practical contribution.



Frail economy permits only limited manoeuvre

FOREIGN EXCHANGE

DIANA SMITH

BEFORE PORTUGAL accedes to the European Economic Community in 1984 the first stirrings of a foreign exchange market will be felt in Lisbon with a spot quotation for the escudo. This will be progressively extended to futures and to a few foreign currencies. Such an event implies a review of Portugal's restrictions on exchange dealings — especially outlays — and of the over-bureaucratisation of the sector.

The authorities know that they must liberalise foreign exchange. They are in agreement with the principle but such is the external vulnerability of the economy and the lingering fear of flights of domestic capital abroad or inward floods of competitive foreign capital once surveillance is lifted that the authorities are haping for transitional periods after EEC accession, so as to prevent undue strains on the system. This is an awkward point in negotiations. The crawling peg exchange rate system, geared to a basket of hard currencies, has been operating for three weeks.

The speed at which the peg moves is under close scrutiny in the light of deterioration of the current accounts balance—from a deficit of $34m in 1979 to an estimated deficit of $1.2bn in 1980 and a forecast deficit for this year of $1.7bn.

This widening gap recently obliged the Government to pull back economic growth targets from 5 per cent to 2.9 per cent, involving substantial reductions in import expectations.

This is a direct reversal, and indeed an aftermath, of last year's electioneering, import-stimulating policies, which led to increases of 9 per cent in imports of goods. Meanwhile, in a declining market exports grew by only 3 per cent.

Devaluation

For 1981 the authorities, realistically enough, see few chances of improving exports by more than 4.7 per cent — if that. Moreover, while the exchange system makes Portuguese exports in relative terms reasonably competitive, in real terms, because of rising labour and raw material costs in some sectors, they have lost ground in the last year or so — a factor used by those arguing for heavier devaluation.

Looking at the worst trade areas — oil imports of $3bn, food imports of $1.4bn for 1981 —in a country of under 10m inhabitants, with the lowest gross domestic product, industrial and agricultural productivity rates in Western Europe, and recalling that Portugal depends on the currently depressed EEC market for 72 per cent of its trade, the magnitude of the country's economic vulnerability becomes clearer.

Options for export growth are very limited in the short term. With sales to Arab nations, for example, of only $30m in 1980, such critical trade areas cannot be developed in a matter of months, least of all in today's highly competitive circumstances where Portugal's modest bargaining powers are a great handicap.

Export incentives — being reviewed by the Government — are modest and within GATT precepts. As tax incentives all companies which export can get reductions of up to 5 per cent of corporation tax on the previous year's export values; as a financial incentive they receive a 5 per cent bonus of interest rates on loans, on 35 per cent of the value of the previous year's exports.

Meanwhile, the one sensitive aspect of import restrictions is a quota on items like domestic appliances, toys, sporting guns, bananas and coconuts — but these cover only 0.5 per cent of all imports. The Government is committed to gradual elimination of the quota system. This year it increased value allowed in under the system by 60 per cent in what are known as "non-sensitive" products — "sensitive" ones being items like washing machines, refrigerators and some models of cycles, where domestic manufacturers want a chance to build up their output and sales.

The decline in its balance of payments has hit Portugal just when it was urgent to prime the economy for EEC accession. Although growth of 2.9 per cent is nearly three times the average OECD figures for 1981, it has serious implications for a country that failed to modernise infrastructures for the first 70 years of this century, then played politics with the national exchequer and is only now settling down to diligent attempts to join the 20th century.

Fortunately, Portugal's international credit standing is still solid. It can expect fine terms for large loans like the recent syndicated loan of $500m to help finance this year's public debt. Because the authorities are bent on maintaining this standing they have settled for growth retrenchment this year. The balance of payments has become "priority of priorities" and the regime is expected to hurt wages, which were just beginning to see modest real growth after years of decline.

Meanwhile, Portugal enjoys one precious asset—the passionate love for their homeland and the puritan thrift of its emigrants. They pump their savings into the national financial system—to the tune of $2.7bn, for example, in 1980. Without these remittances home by the great majority of the 3m Portuguese abroad, the balance of payments would be in drastically worse shape and bank deposits would be much thinner. Any talk of European recessions and voluntary or involuntary repatriation of emigrants causes shudders among Portugal's authorities.

Sources

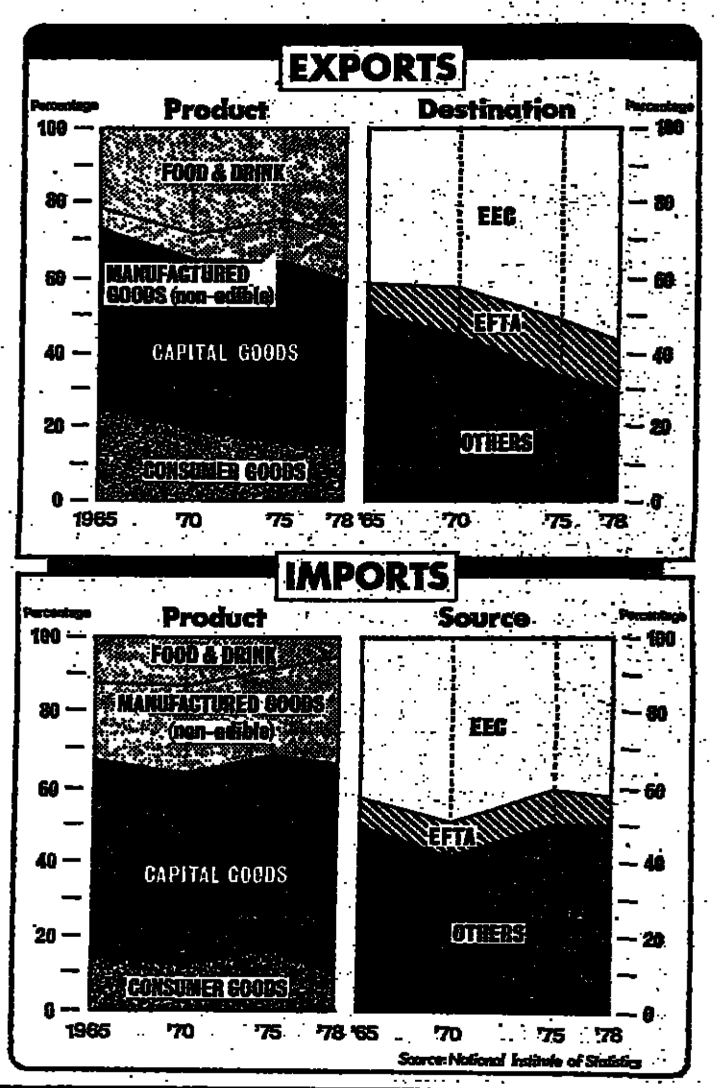
Remittances pour in in D-marks; French and Belgian francs (Portuguese workers number about 800,000 in France alone), in dollars from Canada or the U.S., where hundreds of thousands of Madeiran or Azorean migrants live and work. With about $1bn also arriving in annual tourist income, these two sources of external revenue helped to offset much of the 1980 visible trade deficit.

Apart from the dramatic fall during the 1975 revolution, when diligent expatriates had no intention of financing the euphoric goings-on in Lisbon, emigrants' remittances have grown reasonably. Last January they totalled Es 11.5bn ($220m)—11.5 per cent more than in January 1980—and in a period when crawling peg devaluations—a matter of some interest to emigrants—were particularly slow.

Where Portuguese emigrants go, so do Portuguese banks, providing legislation permits. This applies in France on a considerable full-branch scale and also, though under tight restrictions, in Canada, where branches of Portugal's commercial banks would have a captive emigrant market but where only representative offices are allowed.

Going where the expatriate workers are has been a good springboard for several Portuguese banks; they can be seen to be doing business not just in capital cities but also, for example, in French industrial centres. These banks have recently invested time and money heavily in improving their image—although they have come in for criticism from customers because of the new standardised cheque, a loose-leaf affair devoid of stubs that has been imposed on the entire commercial banking system, including the foreign banks.

But cashing a travellers' cheque is still a major logistic operation in most banks — although in the past year some, located on the main tourist track in Lisbon, the Avenida da Liberdade, can point with pride to a reduction in forms to be filled and queues to be joined and in the number of employees through whose hands passes one modest $10 cheque on its laborious journey from counter clerk through supervisor to cashier. Not all banks like this bread-and-butter tourist business; it is costly and unprofitable for them. But Portugal likes the tourist revenue—and needs it.



Why a telephone maker is ringing the changes

The microchip is broadening AGI's horizons in its existing markets. Jason Crisp reports

TEN YEARS AGO Aeronautical and General Instruments (AGI) was a small jobbing engineering company on the brink of bankruptcy. Today it is still a small engineering company but it is beginning to acquire something of a glamour rating in the stockmarket.

The reason for this is that the company is in the supposedly magic field of electronics and telecommunications and has under its belt two important contracts from British Telecom.

AGI is now going through an uncomfortable metamorphosis from metal - bashing and assembling into an electronics company. Most of the senior and middle management have joined in the last two to three years from companies associated with electronics technology.

Digital display

Recently the company has undergone a reorganisation (see box) which has separated the electronics side from the traditional mechanical business, where the management and production skills are very different.

The new arrivals have been getting to grips with the contracts from British Telecom. The first is for the microprocessor-controlled "blue payphone" which has pushbutton dialling and digital display which tells the user how much credit is left. It also has a facility which means that only the time used is paid for. As the phones are expensive they are being installed at places where there will be a high revenue, such as airports and railway stations.

To British Telecom's pleasurable surprise the revenue from blue payphones is double that of the phones they have replaced. Apparently people are much happier using the smart convenient blue payphones on which you can make international calls without pips going every few seconds than the conventional call box we know and hate.

The second contract is for an unproven market of table-top payphones. Not much bigger than a conventional telephone, it can be used, at the twist of a key, as either a pay or an ordinary telephone. The hope is that there is a large untapped market for these in hairdressers, pubs, boutiques and restaurants where it is not always easy to ask people for the price of a call. The contract is initially for 100 for a field trial with the prospect of orders for 10,000 if it proves successful. The total size of this untapped market may be as much as 90,000.

The route AGI has chosen is first to license an established product and then to develop its own expertise in house. The blue payphone is licensed from the Swiss company, Autelca, a subsidiary of the Hasler telecommunications group, whereas the table-top payphone is of AGI's own design.

Because defence has always been a substantial part of AGI's business its most prosperous period was during the Second World War when it had a number of factories dotted around Croydon in South London. After the war it contracted, and continued, rather mundanely, in the defence field; turnover and profits remained at more or less the same level.

AGI's main defence work was, and is, making rugged hand-held reconnaissance cameras. The pictorial evidence of the sinking in 1944 of the mighty German ship Tirpitz in a Norwegian fjord was taken on an AGI camera. In the middle 1960s it was awarded a contract for three new aerial cameras which were assigned originally for TSR2, a multi-role aircraft which was later cancelled. Although the cameras were subsequently used in the Phantom and other fighters, they proved to be a major technical headache for AGI.

Earlier in the decade, AGI had become the Post Office's second source for conventional mechanical payphones which had been developed and manufactured by GEC. It was able to quote a low price because at the time the defence contracts were covering most of its overheads.

Then disaster struck. None of the three new cameras developed for the Ministry of Defence passed the acceptance tests and progress payments were held up for a year, leaving AGI to fund the further research and development to get them accepted, as well as financing the stock and work in progress. At the time cameras accounted for 60 per cent of sales.

AGI was left with a tattered reputation and a contract to supply the Post Office with payphones, as the company now cheerily admits, at a rotten price.

Four profit areas

At the beginning of last month, AGI's management was reorganised into four divisions, giving profit responsibility to the head of each.

- **Defence systems. Making military equipment, particularly reconnaissance cameras. Eighty per cent of sales are exported to 50 countries including the U.S. for the navy. The cameras can be connected to the plane's on-board computer thus giving the exact time and location on each picture. It also makes electronic logs for ships.**
- **Electronic payphones. Will make the blue payphones—the first 500 were made in Switzerland by Autelca and up to 35 per cent of the equipment will continue to be made there. It is also to look at selling ticket systems to public sector transport authorities.**
- **Central division. The old fashioned payphones and routine production and toolroom services.**
- **Verwood division. Located in a new building in Dorset where it carries out research and development. It employs 40 engineers and has capacity for electronics production on a small scale.**

In 1969, Rea Brothers, a substantial shareholder, took a controlling interest through a number of nominees and put in a new chairman, John Dearlove, to try and rescue the ailing company. Dearlove had been working mainly as a roving non-executive director on boards varying from rope making companies to trading businesses for Rea Brothers. Before that he had worked as personal assistant to Sir John Clark, the chairman of Plessey.

His two main tasks were, first, to make the cameras work and regain the confidence of the Ministry of Defence and, second, to get a more reasonable price for the call boxes. According to Dearlove a check around European companies showed that the next lowest price being paid for call boxes was six times as high as AGI was getting from the Post Office.

Dearlove renegotiated the payphone contract and set about sorting out the problems on the camera—which took nearly a year. The number of employees was reduced over a period of time from 800 to 350 at its lowest point. It now employs just under 550—50 more than at this time last year.

Noah's ark

AGI also faced a longer term problem. The payphone had become the biggest part of the business, but it was a labour intensive product involving assembly of some 800 components. It was manifestly clear that it was an out of date product, "a bit like something out of Noah's ark," muses John Dearlove.

The company had little in-house knowledge of the micro-electronics which would inevitably be incorporated in the next generation of payphones. And in any case the Post Office had for some time been unwilling or unable to commit itself to these because of its own financing problems and an apparent reluctance to believe that any more revenue would be generated by better pay phones.

When the Post Office finally invited tenders for a prospective new range of electronic payphones, Dearlove, realising there was insufficient time or resources to develop a system in house, went on a tour of European countries to look for the best available equipment.

After deciding on the Autelca payphone the two countries set up a joint venture, Agitelco (75 per cent owned by AGI), and entered into a long term collaborative agreement. The company was set up 18 months before it won the Post Office contract during which time AGI began recruiting a new type of young manager with telecommunications electronics expertise. (Agitelco is a non-profit making vehicle which subcontracts the manufacture, mainly to AGI.)

There is, according to Dearlove, a very clear and wide difference between the old school of AGI employee who has been involved in mechanical engineering and assembly and the new guard.

Dearlove describes the recruitment of good people over recent years as his most important task. Some 75 per cent of senior and middle management (those earning more than £10,000 a year) have joined the company within the last three years. A core of long serving employees will remain largely concerned with working on the old-style payphones which will still be ordered for several years.

Dearlove is anxious to get away from the notion that the company should make as many of its components as possible. He wants to reduce the level of vertical integration and buy in more components so as to produce greater economies of scale. Another significant concern is to avoid becoming too dependent upon British Telecom.

In the year ending March 31 1980 turnover rose dramatically by nearly 54 per cent to £5.01m with pre-tax profits £500,956, up 48 per cent. Although the most recent results will not be available until next month, turnover is expected to show a similar increase to last year—i.e. the company will have doubled in two years.

On the company's own admission the changeover from a fairly conventional engineering into an electronics company has been a difficult one, with stresses between the old and the new. That AGI has gained a name in the stock market as something of a minor glamour stock is recognition of the direction it is now taking—though the view perhaps underestimates how far AGI has yet to go. Also, it must be noted that the rating has been influenced by the fairly narrow market in the company's shares and by some puffery in the press.

Trevor Humphries

John Dearlove: although AGI's payphones have proved popular with both the public and British Telecom, he must be careful not to rely too heavily on his major customer.

Putting inter-company resources to good use

IN MANY diverse groups, it is probable that the left hand does not know what the right hand is doing.

It is not unusual to find that techniques and machinery that could be used by several group companies are only being used by one.

Indeed, a specialist engineering company, for example, might well use an outside organisation to check the quality of one of its products, especially if the testing machinery required was vastly expensive. But that expense can be largely eliminated if, in the case of a diverse company whose operating subsidiaries are fairly autonomous, the same service can be supplied in-house.

The problem, as most managers would readily admit, is that it is difficult for one operating subsidiary to know exactly what another is doing; in particular, without some form of time-consuming liaison, it is almost impossible to have an intimate knowledge of each other's available resources.

One company at least is trying to solve the problem—by cross-fertilising information throughout the group with the aid of quarterly meetings and intra-group information sheets and memos.

Huntleigh Group is a diverse company with 1980 sales of £15m and pre-tax profits of £1.15m. It comprises nine operating companies covering the manufacture of high technology products for defence, medical and other industrial applications.

One of its subsidiaries, Hymatic Engineering, makes a sophisticated cryogenic cooling system for a missile infra-red detector while another, Countdown Clean Systems, makes and launders ultra-clean garments for use in the semi-conductor industry. Huntleigh has found that both these companies, as well as the others in the group, have resources that can be used elsewhere—and the savings achieved can be a useful way to cut costs.

Peter Epstein, a joint chief executive, finds the savings difficult to quantify but estimates that the exercise, which he calls resource utilisation, has cut expenses by around £100,000 in the past two years.

At Hymatic Engineering, for example, a West German company was being used to examine valve seats on air liquefiers. At one of the quarterly meetings it was discovered that the job could be done by an electron microscope owned by Micro-Image Technology — a machine which was used by the company to monitor possible contaminents in pure chemicals supplied to the semi-conductor industry.

Epstein says that apart from the cost savings, it was more convenient to have the job done inside the group. The end result was that the job was done quicker, with big indirect savings, he adds.

A new electron microscope would have cost £25,000.

Another example involved an electron beam welding machine costing £70,000 used by Hymatic Engineering to weld high-pressure gas bottles.

It was found that the equipment could also be used by a sister company, Hymatic Industrial Controls, for the production of fully sealed load cells and proximity switches.

Precise

Load cells are a device for converting weight into an electrical signal while a proximity switch is a sensitive device which operates without any mechanical parts.

Epstein says that without the electron beam welding equipment, Hymatic Industrial Controls might have chosen a different technique for doing the job, which would almost certainly have been less attractive and more expensive.

The cross-pollination exercise has also resulted in the products of one subsidiary being used by another; the proximity switches made by Hymatic Industrial Controls are being used by Micro-Image Technology to control bottle filling operations.

Epstein says that this has saved time and raw materials since automatic filling is more precise than the previous manual-filling method. On raw materials alone, the savings could be 10 per cent, he estimates.

In another similar example HIC load cells are scheduled to be used by the Huntleigh Medical subsidiary for patient and bed-weighing applications.

Elsewhere, a £15,000 particle counter at Micro-Image Technology, which is used for quality control of chemicals, could, and probably will, be employed by Hymatic Engineering in determining the effectiveness of cleaning methods critical in the production of coolers.

Arnold Kransdorff

LOMBARD

Misappropriating language

BY PETER RIDDELL

ARE you a freedom loving patriot who respects traditional family values and favours the right to work? Aren't we all? No. Agreement with the jumble of words in the first sentence can be taken as support for higher defence spending and opposition to abortion and the closed shop.

A multitude of words now carry highly charged connotations going well beyond their dictionary definitions.

Meaningless

The most insidious (no, not invidious) trend is the use of words with a generally acceptable aura to mask highly contentious assertions. There is a parallel tendency to shower meaningless labels on almost every possible group. The result is to disguise rather than to clarify what each group believes. Here are a few examples:

Moderate. This is a dream word for an advertising man. It conjures up an image of Shirley Williams, James Prior, the "quality" Sunday newspapers, in short "thinking people" everywhere (plus no doubt After Eight mints).

But what is a "moderate"? After all, self-proclaimed "moderates" supported U.S. involvement in Vietnam in the 1960s and compulsory comprehensive education in the 1970s. Is Enoch Powell a "moderate" for opposing capital punishment? Few people would have described Edward Heath as a "moderate" in the early 1970s but is he now one for criticising the Prime Minister? Is Eric Heffer a "moderate" for opposing Tony Benn's bid for the deputy leadership of the Labour Party (for a full discussion of the issue see Samuel Brittan, *"Left or Right. The Bogus Dilemma."*)

Freedom/Liberty. These words breathe the spirit of 1789 ("bliss was it in that dawn to be alive" and all that). A visitor from Mars might well think that the Freedom Association and the National Council for Civil Liberties shared the same aims. Their priorities are, however, very different. The former has stressed the defence of property and the rights of the individual against, for example, trade unions. The NCCL has put more emphasis on equality and is most active in protesting against the powers of the Home Office and of the police. These words mask widely diverging views of society and a citizen's rights and duties.

Infrastructure. It is impossible to err by saying that one favours additional spending on "infrastructure." At any gathering (whether of "moderates," "militants," Social Democrats, Labour Party members or Tories) the audience will nod in agreement. But what is "infrastructure"? The Concise Oxford Dictionary offers no help. The word presumably means something below the structure of the economy and society. Roads are obviously "infrastructure" but didn't it used to be fashionable to oppose new roadbuilding because of the unfavourable impact on the environment (another wonderfully vague word)?. No one objects to new sewers but do comprehensive redevelopment of city centres and new town halls count as desirable "infrastructure"? It would be both more precise and more honest if those who are keen to spend *your* and *my* money said what they actually wanted.

Obfuscation

Some of the worst excesses of such obfuscation come from the U.S. The first sentence of this column contains the coded slogans of several highly controversial campaigns which try to descredit their opponents by appropriating such generally acceptable words. Who is likely to present himself as a dictatorial traitor who hates family life and opposes the right to hold a job?

The definition of political language by George Orwell 35 years ago still stands. He said it largely consists of "euphemism, question-begging and sheer cloudy vagueness." As the "moderates" would say, "we are all guilty."

Wide (and wild) assumptions about satellite TV

FILM AND VIDEO

BY JOHN CHITTOCK

WHEN VIDEO was appearing on the horizon in the early 1970s, the broadcasters got it all horribly wrong—dismissing video as of no great significance. The report of the Annan Committee tended to disregard video: "we doubt whether video recording will diminish the demand for off-air services . . ." The IBA was more certain that video would appeal "only to the minority that is acutely choosy in its attitude to broadcasting . . ."

Perhaps miscalculations such as these account for what now looks like an excessive reaction in the other direction about the challenge of satellites, cable and direct broadcast satellites (DBS). Everybody in the media has become jumpy about the subject of satellites, to the point that sweeping generalisations are being made, sometimes based on incomplete information.

Capability

A communications satellite can be, in effect, a very tall aerial, capable of beaming programmes from one transmitter across an entire country or even continents. Television transmissions can be received under normal conditions only if the receiving aerial has a direct line of sight with the transmitting aerial—which in terrestrial terms in flat country means about 70 miles. Thus even in the relatively level terrain of Britain, a huge network of relay stations is required to "pass on" the ITV and BBC transmissions for satisfactory reception. In consequence, foreign television transmissions cannot be received in Britain except under freak conditions.

The spectre of foreign television programmes beaming into British homes from geostationary satellites is thus a new and credible possibility. It has become topical with the technical development of suitable satellites, linked to operational plans now being discussed or pursued by European governments and a variety of organisations, such as British Aerospace, Marconi, the European Space Agency, and even small countries such as Switzerland and Luxembourg.

Direct broadcasting satellites still require the home receiver to be equipped with a special dish aerial. But, thereafter, it is widely and wildly assumed that the entire population of Britain may be tempted away from ITV and BBC by a bewildering choice of foreign television programmes. Even worse, foreign governments may beam into these shores sinister propaganda, and likewise advertisers.

It is not, however, as simple as that. The dish aerial required to receive satellite TV transmissions needs to be about 3 ft in diameter, and it must have an unobstructed view of the satellite—which, in the case of the position allocated to the UK satellite, is fairly low in the sky at 31 degrees West (the position which the sun will occupy at 3 pm on October 13 1981). The dish must be lined up to an accuracy of about half a degree. If a building is in the way, or if it is not possible to site the aerial out of doors, the transmisison cannot be received.

Correctly located, it can receive only that one UK satellite: foreign satellites from Luxembourg or elsewhere will require either a very expensive steerable dish aerial or additional aerials—and even then the transmissions must be technically compatible with the British PAL colour system (preferably with English language too).

There also seems to be some disagreement about the cost of these domestic dish aerials (and their associated demodulating units). Figures as low as £50 have been quoted, although the popular figure is between £150 to £200. Nonetheless, RCA in the U.S.—the leading pioneers in commercial satellites—estimate $500 if large quantity production is possible. Such prices are a long way off.

If there is any real prospect for the domestic reception of satellite television, it is through local services provided by cable television. The cost and maintenance of expensive DBS aerials lined up to receive a variety of satellites is of course a different matter if done centrally for redistribution via cable.

With 2.6m homes in Britain already receiving their television via cable relays, the provision of additional services of this kind is a real prospect, but even the arguments over this possibility have been clouded by assumptions. For example, who pays? If such services are to be subsidised by foreign advertising, would the potential audience be large enough to cover all of the costs involved?

The International Telecommunications Union treaty regarding satellites in any event acknowledges that national sovereignty should be respected if technically possible. Enough doubt has been expressed by the advertising industry itself about the viability of foreign services financed in this way.

That could leave the viewer on cable television to pay. With the Home Office sanction of Subscription Television experiments in UK, now starting in some areas, up-to-date feature films will be provided to cable subscribers by payment of between £5 to £8 per month. Some eight to ten new titles will be repeatedly screened each month on a separate channel and some commentators see this as opening the door much wider for cable TV in Britain—with imported satellite transmissions as extra programming thrown in.

Yet even this promise overlooks an important detail. The cable subscriber may be already paying up to £10 per month for the basic cable service (tied to TV set rental) before adding the £5 to £8 per month for movies. This brings the total monthly cost up to the rental charge for a video-cassette recorder—on which BBC and ITV's daily output of feature films can be recorded (illegally) as well as much else besides. With the public faced with this choice, is there much room for expansion in cable beyond the present 2.6m homes?

In other countries, the parameters are different, sometimes because cable penetration is already much higher. The abysmal standards of some national TV services also make any kind of wider choice of programming a welcome straw for viewers to clutch at. In such a situation, satellite television may pose threats to the status quo. Then the political arguments begin—about the dilution of national standards, destruction of the liberal structure of the media, etc.

The serious issues are perhaps the ones less frequently aired. First, satellites are being used for all manner of other transmission purposes such as carrying business data and daily newsfilm relays between national broadcast services. These uses will expand substantially, creating an important new industry in which British telecommunications companies want to be European leaders.

Interactive

Secondly, the purchasing power of traditional TV broadcasters is under attack—their audiences shrinking, their revenue at best not keeping up with demands, and their negotiating strength as buyers of films now diminished with video, satellite and cable joining in.

The situation is thus complex and highly interactive. There are great opportunities for some, threats for others and many false trails laid by people who do not really know the way.

In this hiatus, perhaps the wisest utterance has been that of the Home Secretary, Mr William Whitelaw—"we must explore ways of seizing the opportunity and of avoiding the risks."

Ayr chance for Linus Ginseng

RACING

BY DOMINIC WIGAN

ARNDEAN proved just good enough to win last year's Strathclyde Stakes and it seems probable that another colt from Newmarket, Linus Ginseng, can capture today's £6,000 Ayr event.

Although he failed to win a place on two of his three most recent appearances, Linus Ginseng is one of the better juveniles in Michael Stoute's Beech Hurst establishment.

However, having said that, it is difficult to know quite what happened to him in his most recent race, the Anglia Television July Stakes, in which he finished a well beaten sixth, behind End Of The Line, Tender King, Prowess Prince, Match Master and Cajun.

That was clearly not Linus Ginseng's true running. I believe he should be given another chance to show the form which saw him following up a respectable Royal Ascot run with a win in Doncaster's Grimthorpe Stakes.

Linus Ginseng, whose rider, Walter Swinburn, could well find himself on board Shergar in a remarkable confrontation with Blue Win, partnered by his father, in the Prix de l'Arc de Triomphe, may be followed home by Jump Jar. Last time out this Lochnager colt, whose stable companion, Angelo Salvine, scored on the corresponding afternoon a year ago, ran his best race to date, when accounting for Apple Blossom at Newcastle.

Ayr has always been a favourite course for Jeremy Hindley and Drive You Home will probably further the Newmarket trainer's affection for the course with a win in the opening Alloway Stakes. Brian Taylor's mount did well to finish third of 20 behind Pamperdale on the July course recently, after losing ground at the start.

AYR

2.30—Drive You Home
3.00—Linus Ginseng***
3.30—Carpet General
4.00—Audit

FOLKESTONE

2.15—Isanemos
2.45—Putra Tinjar*
3.45—Zaccio**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (uhf only). 10.25 Cricket: Third Test—England v Australia, from Headingley. 1.12 pm Regional News for England (except London). 1.15 Midday News. 1.30 Head and Tails. 3.15 Your Songs of Praise Choice with Thora Hird. 3.50 Goreuon Gwynfryn. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Help! It's The Hair Bear Bunch. 5.05 Newsround. 5.10 Ask Aspel. 5.35 Paddington.

5.40 Evening News.
5.55 Nationwide (London and South-East).
6.55 Medical Express.
6.20 Nationwide.
7.25 The Tuesday Film: "Crossplot," starring Roger Moore.
9.00 Nine O'Clock News.
9.25 Rescue Flight.
10.15 The Royal International Horse Show from Wembley Arena.
11.20 It's A Dog's Life.
11.50-11.55 News Headlines.

All Regional programmes as BBC1 except as follows:

Cymru/Wales — 5.10-5.35 pm Yr Awr Fach. 5.55-6.20 Wales Today. 6.55-7.00 Tom and Jerry. 7.00-7.25 Heddiw. 7.25-8.05 The Royal Welsh: The National Agricultural Show at Builth Wells. 8.05-9.00 Blake's Seven. 11.50 News and Weather for Wales.

Scotland — 9.20-9.25 am The Wombles. 9.25-9.40 Jackanory. †9.40-10.05 Champion the Wonder Horse. 10.05-10.25 Take Hart. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News and Weather for Scotland.

Northern Ireland — 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
1.05 pm Cricket: Third Test—England v Australia, from Headingley.
6.05 Open University.
6.55 Six Fifty-Five Special.
7.30 Mid-Evening News.
7.40 My Music! Music quizz.
8.05 Taking the Strain.
8.30 Transatlantic Triumph: Yacht racing.
9.00 Rhythm on Two.
9.30 Maybury: "Indoor Games."
10.20 The 20th Century Remembered.
10.55 Newsnight.
11.40 Test Cricket.

LONDON

9.30 am Jousting. 9.40 Who's Afraid of Opera? An introduction to opera by Joan Sutherland. 10.10 "Hands." Fermanagh Country life with the Mulholland family who live on a small Ulster farm. 10.35 Dick Tracy Cartoon. 10.40 Little House on The Prairie. 11.30 Freetime. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News at One. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus: Adapting to Fashion, followed by Daly Beauty with Barbara Daly. 2.45 Heartland. 3.45 Cabbages and Kings. 4.15 Bugs Bunny. 4.20 Razzmatazz. 4.45 Heavens Above. 5.15 Diff'rent Strokes.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Years of Lightning 1963.
7.30 The Jim Davidson Show.
8.00 George and Mildred.
8.30 You're Only Young Twice.
9.00 The Spoils of War.
10.00 News at Ten, followed by Thames News.
10.30 A Conductor at Work: Claudio Abbado.
11.30 The Questors.
12.00 Three's Company.
12.25 am Close: "Sit Up And Listen," with Peregrine Worsthorne.

All ITV regions as London except at the following times:

ANGLIA

9.30 am Sesame Street. 10.30 Hands. 10.55 The Walt Disney Classic. 11.05 Spread Your Wings. 11.35 Portrait of a Village. 12.30 pm Gardening Today. 1.20 Anglia News. 5.15 Bygones. 6.00 About Anglia. 7.30 Charlie's Angels. 10.00 News followed by Anglia Late News. 11.30 The New Avengers. 12.30 am Anthology.

ATV

9.35 am Here Comes Mumfie. 9.45 Family Hour. 10.30 Target Bowls. 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 ATV News. 5.15 Happy Days. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.30 Charlie's Angels. 11.30 ATV News. 11.35 Baretta.

BORDER

9.30 am Sesame Street. 10.30 Dick Tracy Cartoon. 10.35 Morning Matinee. 1.20 pm Border News. 2.45 Sounding Brass. 5.15 Welcome Back, Kotter. 6.00 Lookaround Tuesday. 7.30 Charlie's Angels. 10.00 News and Border weather. 11.30 Border News.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News. 5.15 Survival: Devil Birds. 6.00 Channel Report. 6.10 Spiderman. The Sky is Falling. 7.30 Hagen: Trauma. 10.28 Channel Late News. 11.30 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.45 am First Thing. 9.50 Wild, Wild World of Animals. 10.40 Sesame Street. 11.35 The History of the Motor Car. 12.30 pm Gardening Today. 1.20 North News. 5.15 End of Part One. 6.00 Summer at Six and Area weather. 11.30 North Headlines and Area weather. 11.35 Rags to Riches.

GRANADA

9.30 am Dick Tracy. 9.35 Target the Impossible. 10.00 Cartoon. 10.10 Who's Afraid of Opera? 10.35 The Adventures of Niko. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 The Diano Dors Show. 5.15 Mork and Mindy. 6.00 Granada Reports. 6.25 This Is Your Right. 7.30 Hagen. 11.30 Bluey.

HTV

10.10 am The Splendour Falls. 10.35 Tennessee's Partner. 12.30 pm Gardening Today. 1.20 HTV News. 5.15 Trial of Mr Wolf. 5.20 Crossroads. 6.00 Report West. 6.30 Mork and Mindy. 7.30 Vegas. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.05 pm Poli a Pili. 12.05-12.10 Calimero. 4.15-4.45 Camigam. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.15 Cefn Gwlad. 11.15-11.45 George and Mildred.

SCOTTISH

9.50 am The Human Face of China. 10.15 Kum Kum. 10.40 Welcome to the Ceilidh. 11.05 Bailey's Bird. 12.30 pm Gardening Today. 2.45 Sounding Brass. 5.15 Tiddlers' Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Father, Dear Father. 10.00 News and Scottish News Headlines. 11.30 Late Call—Rev. Kerr Spoirs, Minister in Glasgow. 11.35 Afloat.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Morning Movie: "Africa—Texas Style." 11.15 Cartoon Time. 11.50 Mumbly. 1.20 pm North East News and Lookaround. 4.15 Cartoon Time. 5.15 Worzel Gummidge. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.30 Charlie's Angels. 10.30 North East News. 11.30 Run From The Morning. 12.00 am Modern Parables of the Sea.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 4.15 Watch It! 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Square One. 7.30 Hagen. 10.29 Ulster weather. 11.30 Bedtime.

WESTWARD

9.30 am The Galway Way. 10.30 Bailey's Bird. 10.55 Call It Macaroni. 11.15 Sally and Jake. 11.30 Out of Town. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 5.15 Happy Days. 6.00 Westward Diary. 7.30 Hear No Evil. 10.32 Westward Late News. 10.34 Claudio Abbado. 11.30 Faith for Life. 11.35 West Country weather forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Wild, Wild World of Animals. 10.05 The Beachcombers. 10.30 Cities. 11.30 Butch Cassidy. 11.55 Wattoo Wattoo. 12.30 pm Cabbages and Kings. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Survival. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Charlie's Angels. 11.30 Pavilion Folk.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Dave Lee Travis. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Andy Peebles. 4.30 Peter Powell, including 5.30 Newsbeat. 6.00 Top 40 Singles Chart. 7.00 Susie Barnes with Wheels. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S) including 6.15 Pause for Thought. 7.30 Terry Wogan (S) including 8.33 Racing Bulletin. 8.45 Pause for Thought. 10.00 Gloria Hunniford. 12.00 pm John Dunn (S) including 1.45 Sports Desk. 2.00 Ed Stewart (S) with Family Favourites including 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S) including 4.45 Sports Desk. 5.45 News, Sport. 6.00 David Symonds (S) with Much More Music, including 6.45 Sports Desk. 7.30 Cricket Desk. 8.00 Jim Reeves and his Music (S). 9.00 Marching and Waltzing (S). 9.55 Sports Desk. 10.00 You've Got To Be Joking. 10.30 "Patterson." 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 Midnight. 1.00 am Truckers' Hour (S) with Sheila Tracey. 2.00-5.00 You and the Night and the Music (S).

RADIO 3

7.00 am News. 7.05 Morning Concert Vivaldi, Scarlatti, Purcell, Bach (S). 8.00 News. 8.05 Morning Concert (continued) Walton, Stravinsky, Chopin, Janacek. 9.00 News. 9.05 This Week's Composer Alan Rawsthorne (S). 10.00 Galuppi Sonatas, harpsichord recital (S). 10.25 Test Cricket. England v Australia, commentary from Headingley. 12.35 News. 12.40 Six Continents (as VHF at 1.05 pm). 1.00 Lunchtime scoreboard. 6.00 Mainly for Pleasure (S). 7.00 Mendelssohn Piano Trio in D minor Op.49 (S). 7.30 Proms 81 direct from the Royal Albert Hall, London. (Part 1) George Lloyd Tchaikovsky (S). 8.10 A Memorable Scene, reading from "Cromwell's Letters and Speeches" by Thomas Carlyle (1795-1881) (S). 8.30 Proms 81 (part 2) Shostakovich (S). 9.35 The Sleeping Lord by the poet, David Jones (S). 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 Vivaldi (S).

VHF only: 5.55-6.55 am Open University. 10.25 The Younger Generation: Finzi, Delius. 11.00 Beethoven, Bartok and Liszt, piano recital (S). 12.00 pm Music for Four or Eight. Recital (part 1) Haydn, Webern and Spohr (S). 1.00 News. 1.05 Six Continents. 1.25 Recital (Part 2) Mendelssohn (Octet in E flat) (S). 2.00 Walton Concert (S). 3.40 A Woman's Place. A look at the way male poets and composers have viewed this question (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure with Michael Berkeley (S). 11.15-12.55 am Open University.

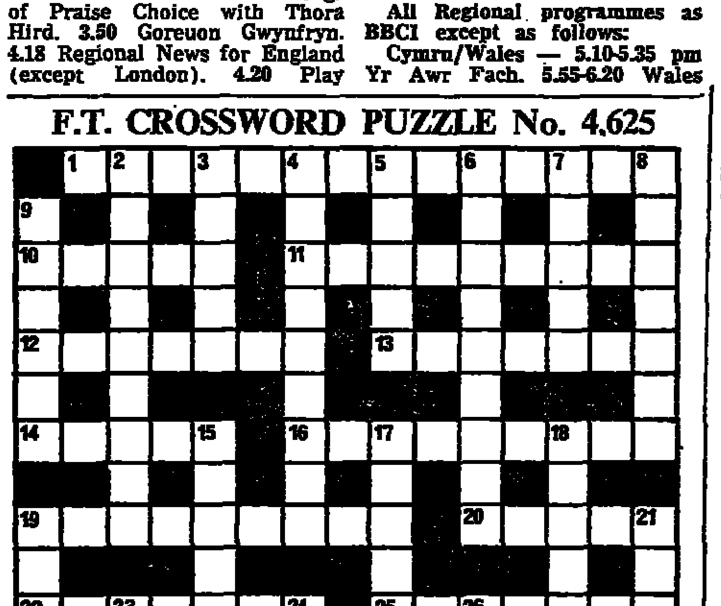
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Report from the Seventh Economic Summit of the Western World's leading Seven Nations in Ottawa. 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call: 01-580 4411. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story: "A Leap in the Dark" by Stephen Jackson. 11.00 News. 11.05 Thirty-Minute Theatre: "Great Strides" by John Barry. 11.35 Wildlife. 12.00 pm News. 12.02 You and Yours. 12.27 Miles of London (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 A Dance to the Music of Time by Anthony Powell (S). 4.00 Island Fling: Ian Skidmore on Anglesey. 4.15 Poetry for Supper: The poetry of Tony Armstrong. 4.45 Story Time: King Solomon's Mines. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather. 6.00 The Six O'Clock News. 6.30 Brain of Britain 1981 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Graduating for the Dole? 8.35 Antony Hopkins Talking About Music (S). 9.05 In Touch. 9.30 Kaleidoscope. 10.00 The World Tonight: News. 10.30 The Jason Explanation of Natural History (S). 11.00 A Book at Bedtime: "The Rain Forest." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 am News and Weather.

BBC Radio London

5.00 As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme, including 11.30 Your legal problems. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 The Evening News. 5.15 Music on the Move. 6.33 Openings—A preview of the week's new plays, shows and exhibitions. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,625



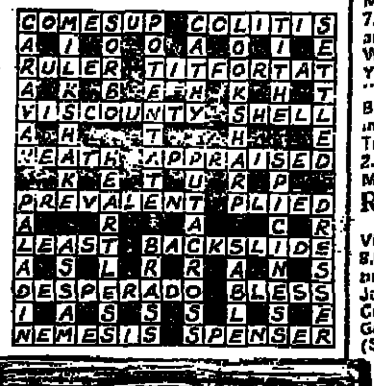
ACROSS

1 Leave one glove on to retain one's skill with practice (4, 4, 4, 2)
10 Test a dull stupid fellow? Yes! (5)
11 Aromatic Artemisia with article added in Spanish wine (9)
12 Non-resident bird in river (7)
13 What swineherds take initially for paint? (7)
14 A large candle formerly seen on the way to hospital (5)
16 Reserves the innermost part to record the progress of a game (4, 5)
19 Change conditions, but it's payment on the nail (4, 5)
20 Rectify a notice about people (5)
22 Narrate the particulars of a second summing up (7)
25 German composer with nought at heart but a constellation (7)
27 I deaden a standard shade (9)
28 Among detectives returning and existing in independent Asian state (5)
29 Senior army officer set free when the record's made available to the public (7, 7)

DOWN

2 Simple words for payments—unlike 19 Across (4, 5)
3 Nosey Parker is audibly previous (5)
4 Head beak and bird (9)
5 One way to tear off a long narrow piece (5)
6 Insensitive to pain, as in a leg initially amputated abnormally (9)
7 Compelled bird to accept direction (5)
8 Ran a jet out of order. It's just like a mandarin (7)
9 Money for a special gift (6)
15 Don't fail to miss a specified group in a popular recording (3, 6)
17 In another place—otherwise at what place? (9)
18 Sea-nymphs seen in the main on dates in the Roman calendar (9)
19 Minding about five, but cutting up (7)
21 Guide by the shortest way (6)
23 Butter manufacturer? Turn it over in your mind! (5)
24 Drag along a track (5)
26 Ingrained dirt from ghastly top of engine (5)

Solution to Puzzle No. 4,624



هكذا من الأصل

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Covent Garden

Mozart Festival

by MAX LOPPERT

At the second of the three Sunday evening Mozart Festival recitals, the Amadeus Quartet played a string quartet and (with Rainer Moog as second violist) two string quintets. The players were shaded from the curtain by a small enclosing screen: aided thus, the sound they projected in the Opera House was not huge or sharp in profile, but it was of a wonderfully inviting intimacy—a true chamber-music sound, to remind one of the infrequency of encountering such in most of the London concert halls in which chamber music is heard.

Since it was also an encounter with unadulteratedly great music, a diet of the sublime (the *Hunt* Quartet, K458; the D major Quintet, K593; the G minor Quintet, K516), and since the Amadeus is once again a complete entity, happily rejoined by Siegmund Nissel after his recent illness, there ought to have been little to mar the occasion. In fact, the now less than wholly reliable intonation of Norbert Brainin's first violin—which regularly fashions slithery lurches out of chromatic semiquavers, and which in the finale of K593 seemed to provoke a temporary contagion of answers in kind—left little flecks on the surface of each work, and each movement.

This mattered to me less last night than it often has in Amadeus concerts of recent date. For one thing, it was hot and clammy in the house, and explanation for mistuning was ready to hand; for another, and more important, an at-one-ness with the music, the place, and the listeners was communicated in a way that reduced the significance of even the most obvious imperfection. Each performance had a moment when one wondered whether the long familiarity of players with their notes was perhaps permitting a too easygoing attitude to its passage of marvels. It was a sedate, not an exuberant, hunt on which K458 was launched; in the quintets, the acutely surprising succession of slow introduction by fast exposition was acknowledged less readily than I can remember the Amadeus doing in the past.

In each case, the performance had only to proceed awhile on its course to make its own sense. The G minor Quintet did this most remarkably, in the demonstration thus offered that the drama of extreme tempo tonal, and dynamic contrasts to which younger players are often moved by the unbearable intensity of the emotional expression is not the necessary and certainly not the wisest way with the work.

Mr Moog fitted handsomely into the Amadeus style, with sufficient individuality for those few moments in each of the quintets when the second viola insists on having its voice heard about the others.

Wigmore Hall

Bernard Roberts

by DOMINIC GILL

At the Wigmore Hall's summer series of "sherry concerts" three years ago, the sherry was free. Is it yet another sign of the austerity of the times that at this year's summer series of Sunday morning "coffee concerts" the coffee is extra—and more budget-conscious still, the cream is mixed with milk?

Refreshment menu apart, the series—which was launched as an experiment this month—has clearly been a success. Audiences agree that late Sunday morning, after a walk in the park, is a fine time to relax for an hour and listen to live chamber music; and the first two concerts, by the Fitzwilliam Quartet and the Endymion Ensemble, have played to packed houses.

A very decent number, too, turned up yesterday morning to hear the last of the series, a short piano recital by Bernard Roberts that opened with Schubert's little A major sonata (D664) and ended with the second book of Debussy Preludes. Mr Roberts gave the Schubert in the same scrupulously attentive, genially deferential and ever so slightly stolid manner that has often marked his performances, live and recorded, of Beethoven sonatas. I admired the lively commitment of the interpretation, and the clarity of the playing, especially in the finale—although the generally staccato emphasis of the first movement (which extended even to the big triplet octaves), and a repeated tendency to clip the dotted rhythm of the main theme to a double-dot, combined to produce a rather breathless effect. His delivery of the great andante had fluency and charm, but no great poetry: it was sheer bad luck, and perhaps morning-fingers, that the left-hand F sharp which signals the sublime return to the major, nearly the most important single note in the whole movement, simply failed to sound.

His Debussy had the same smiling generality of focus: a broadly misty timbre, but nothing very *dehors*, or even very pianissimo, in "Brouillards;" a crisp and incisive, not remotely melancholy, gathering up of "Feuilles mortes." The quietest dynamic was in the main a robust mezzaforte. The two sexiest of all the Preludes, "Les Fees" and "La Terrasse," were played almost perfectly straight, without a hint of sensuous curve. Mr Roberts's dexterity in the "Tierces alternees" was impressive; his "Feux d'artifice" were all of them Roman Candles.

Sponsorship

Aid for Salisbury

Benson and Hedges, whose previous sponsorship of the arts has been concentrated on its Music Festival at Aldeburgh, is diversifying into the theatre. It is supporting the July to November season at the Salisburg Playhouse. Five plays are involved, four of which are fairly routine provincial fare, but one, the world premiere of *84 Charing Cross Road*, has potential.

It is based on the letters between an American book collector Miss Helene Hanff and the London sellers of rare books Messrs Marks and Company, which formed the basis of a successful book. The play is adapted and directed by James Roose-Evans and stars Rosemary Leach and David Swift. There is a good chance of a transfer to the West End and if this happened Benson and Hedges would be offered first option as a backer.

The connection is costing Benson and Hedges only £3,000—it is basically underwriting the season, but it will invest an equivalent sum in promotional work. The link with Salisbury came through personal contact but the Playhouse is one of the most successful provincial theatres with an average audience of 86 per cent since its new building was opened five years ago. It has managed to get sponsors for most of its recent productions.

Companies are becoming more interested in supporting plays, especially touring productions. A current tour of *Private Lives* is being backed by Grundig and around two thirds of the investment cost—about £30,000—should be recouped. The rest is regarded as being well spent on promotion and good will.

A.T.

Head of a woman of 1920 and the same subject 42 years later.

Hayward Gallery

Picasso's Picassos

by WILLIAM PACKER

There are one or two rare creatures, only one or two in a lifetime, whose gifts place them in a kind of limbo and their achievement quite beyond description, let alone criticism. They become a sort of monster, unthinkable. In our own time, who are they? Stalin, Hitler, Einstein and, of course, there is Picasso. He bestrides the Art of the 20th centry as no one else, in any field, and even to those who do not know what they like, he is Modern Art.

Men achieve such standing in the eyes of others not entirely through their actual work or physical efforts, though they must play a considerable part in establishing an initial credibility, but through the myth with which they invest themselves, the part they create for themselves, and at last come to act out. Picasso was without doubt a very great artist, unnaturally inventive and inordinately prolific, a brilliant draughtsman, painter, sculptor: he graced everything he touched. And yet were there perhaps greater painters in his own time — Matisse, Bonnard; greater draughtsmen — Schiele, Grosz; greater sculptors — Giacometti, Gonzalez, Moore? But Picasso spans the disciplines and his peculiar vital spirit informs them all. It is perhaps a simple matter of physical identification, self assertion.

The Arts Council has just brought to London, to fill the Hayward (until October 11), a most beautiful, exciting and extraordinary selection from those works which, throughout his life, Picasso reserved to himself, and left to France, to the Musée Picasso, on his death. Some of the works are clearly unfinished, some bare cartoons, others radically experimental, and yet others so complete, so right and so beautiful that obviously he could not bear to let them go. His ghost stalks the exhibition, even in the busy, half hung state it was in the day before the private view, an almost palpable presence. We find ourselves confronting not just the work as it is, but the artist through the medium of the work; which is not, nor should it be, necessarily the rule.

At the heart of it lie his preoccupations, at first quite natural and always understandable, with the great generalities of death and love and the human condition. Increasingly as time goes on we see him haunted by inevitably failing and aging powers, and a terrible if understated sense of loss. He fights against the inevitable heroically, and the desperately ebullient and sensual paintings he made in extreme old age, simple cursive images of the Mother and Child, and the Family, and the Fiercest Kiss, that hark back oddly to the voluptuous calm of his maturity, are amongst the most poignant and beautiful works in the whole show.

But those paintings, in common with all his larger painting, through being that important degree more public, remain at a certain remove, dealing in symbol and archetype rather than the particular, personal of course, but only by implication.

It is to the graphic work that we must look for the most obvious mythologising. The earliest work in the show, dating from 1894 with Picasso just short of his thirteenth birthday, is a small drawing of a bull-fight, and it is the Bull rather than Theseus who lays a thread through the entire oeuvre.

Picasso identified himself closely with the image of the Bull, more particularly the Minotaur, half man, half beast; and we must remember that in the fight it is the Bull that must die. We see him so often transfixed by female beauty and sensuality and purity, variously or at once, and always to engage is to violate and destroy. The fighter torn on the horns of the Bull is a woman: the Minotaur is blind and guided by a little girl: in the tragic late echings, the Minotaur is a wizened old man, and even his Woman is no longer young. Images of sexual violence haunt us through the show as they tormented him. There are many tender images of women, too, almost all of them introverted or isolated in repose, distanced and unthreatening. Picasso obviously loved Women, and the idea of Woman, but the Battle, and his own nature, appalled and fascinated, excited and frightened him beyond words.

It is the apparent violence of so much of the work that makes it very difficult for a great many people not so much to take as actually to see. Over the first Christmas and New Year after the War, a group of the paintings that Picasso had made in occupied Paris were shown at the V and A along with a small Matisse retrospective. The Times correspondent gave it all an encouraging notice: "... the artist's grasp and sense of design are as astonishing as ever and in no way disturbed by his new violence of feeling." Then the storm broke: monstrosities; a hoax; schoolchildren at least should be barred from this crazy guying of mankind (this last from D. S. MacColl and Professor Bodkin at the Athanaeum); insult; insidious growth — all good knockabout stuff, with a wonderful retaliatory flurry from Herbert Read, whom MacColl had characterised as "our most distinguished lover of bad painting," but in essence deeply depressing, as the ignorant prejudice of educated people always is. Even defenders such as Trenchard Cox of the Birmingham City Art Gallery and Geoffrey Hobson of Sotheby's found the Picasso abstruse, difficult, unpleasant. Only The Times after all, in that first review, seemed able to see beyond the imagery to the actual work.

It is hard today to see what the fuss was about. There are few works from this period in the show, and there is no way of checking what was here in 1945, but what there is, though sombre, grey and black, seems rather quiet and detached, calmer certainly than the violent surrealism of the Civil War years, and less strident than the immediate post-war work. As always, we can see within the work, whether drawn, painted or modelled, Picasso's consummate ability and instinctive command of his material. Whatever the imagery, these are all beautiful things and obviously so.

There is no doubt of his greatness as an artist, but the nerves he touches make him something more. And in this connection it should be remarked that with analytical Cubism, and the decorative and collaged Cubism that follows, we see Picasso at his most refined and theoretical, producing work that is very direct, physical and painterly; and yet, though many students of his work quite reasonably consider this to be his most radical, innovative and important departure, the numberless public is inclined to find it just too recondite and obscure to notice, and would far rather fulminate at more obvious and outrageous distortions if the pleasure of understanding is out of reach.

Picasso's Picassos is a wonderful show, physically sensational and charged with an extraordinary emotional power. The sculpture requires an essay to itself, but it marches with the painting to a remarkable degree, and speaks for itself. The Musée Picasso is due to open in the Hôtel Aubert de Fontena in 1983, and far from being kept quiet by this spectacular treat, we can hardly wait.

Hotel Imperial jazz weekend

The Hotel Imperial, Hythe, Kent, is holding a jazz weekend on July 25 and 26 at which two bands, the five-piece Sammy Rimington group and Waso, a quartet of Flemish musicians playing in the style of the Quintet of the Hot Club of France, will perform on both days.

The Saturday concert will start at 8 pm with a bar extension until 1 am and the Sunday brunch will begin at midday.

So that intending visitors can arrange a weekend outing the hotel is offering a weekend package deal with accommodation (£31.50 for two nights, jazz included).

Dance subscription season at Sadler's Wells Theatre

Sadler's Wells Theatre has launched its first dance subscription season. The six-month season, launched to coincide with the 50th anniversary of Sadler's Wells, presents six companies between September 1981 and March 1982, including Sadler's Wells Royal Ballet (with two seasons), Sydney Dance Company, making their first London appearance, the Kabuki from Japan, Northern Ballet Theatre, London Contemporary Dance Theatre and Ballet Rambert. Several productions will be world or London premières.

Booking for subscription tickets has opened.

Strindberg dissected

by OSSIA TRILLING

The recent Festival in Stockholm, the first of its kind, did its best to take Strindberg apart. The five-day Symposium which went with it failed to put him together again. The views of many of the delegates and observers from 27 countries (112 and 150 respectively on the official list) suggested that the gulf that divides academics and practising theatre artists was as wide as ever. The reading of dry-as-dust papers, a frequent hindrance to simultaneous translation, only widened the gap and inhibited useful discussion. After Stockholm, Paris, Tübingen, Zurich and Stockholm again, this biennial affair next meets in Poland in 1983. The organisers would do well to note some of the criticism voiced last month.

How the delegates were chosen remains a mystery. Britain fielded a single practitioner, the American director Charles Marowitz, two professors, with no special link with Strindberg, and a fourth visitor who had come "under false pretences." While proclaiming the limitations of his credentials as a spokesman on Strindberg, Marowitz at least commanded much sympathy when arguing that the Swedish theatre of today was generally betraying its dramatist through fidelity to an aging text and to the revolutionary but by now outmoded naturalism he had championed in his day. According to Marwitz, directors ignored Artaud, Brook and their disciples at their peril. This is not quite fair, when one considers the visiting troupe from Milan in their almost Grotowskian productions of *The Father* and *The Pelican*. Even the native version by Jan Håkansson of *The Father* at the City Theatre dented Marowitz's case, by having an up-dated text and chunks of new dialogue from the author's writings to bolster a directorial concept, that tended to whitewash Laura while justifying The Captain's obstinacy.

The blend of symbolism and realism in *The Father* was given a marvellous visual parallel in Gunilla Palmstjerna-Weiss's stylised setting—a surrounding wall of stained wooden doors and panels that contributed to the Kafkaesque atmosphere of claustrophobia throughout. Keve Hjelm and Lena Granhagen as The Captain and Laura maintained this theatre's notable tradition of subtly orchestrated historionics. The same designer's deceptively naturalistic kitchen set for Ingmar Bergman's production of *Miss Julie*, acted in German by members of the Munich Residenz Theater, where Bergman has been guest-directing ever since his self-imposed exile, had a similar function. Some new dialogue seemed to have crept in, notably in the mimed interlude—larded with sexual innuendo—that Bergman substituted for the prescribed midnight ballet sequence, but since this and other eruptions were deliberately mumbled, its provenance became irrelevant. Details of stage-business lent authenticity to the psychological, sexual and class warfare, but the acting of the two principals was curiously limp.

At the Royal Dramatic Theatre there were at least two examples of a production that gave the lie to Marowitz's condemnation, both staged by Per Verner-Carlsson. This non-conformist director had already shown his debt to the school of Artaud (himself an earlier champion of Strindberg in Paris in the 1920s) some years ago with a double-bill of Marowitz's play about Artaud and *The Pelican*, acted in the same set. Many of the ideas used there recur in his mammoth production of *Crimes and Crimes*, a clear example of total theatre that also fully exploits the electronic resources of the large stage; and even more in his collage of Joyceana and Strindberg's early letters for his *Portrait of an Atrist as a Young Man*. In this one-man-show, of superb virtuosity, the trussed-up Stellan Skarsgård parades Strindberg's youthful obsessions and recollections, with the help of recorded voices, as he peels off his clothes and bandages until mercilessly revealed in all his spiritual and bodily nakedness.

The rarely-seen autobiographical *The Dutchman* threw some light on Strindberg's own early hang-ups, but as with *Easter*, *Comrades* and *Playing with Fire*, at one or other of the Dramatic's five stages, the conventional staging largely supported the Marowitz thesis. Less traditional was the Swedish Theatre Centrfe's touring version of *The Great Highway*, that Allan Edwall brought to life with clever lighting effects in a small portable setting. An imaginative instance of the radical staging called for by Marowitz was Stefan Johansson and Anders Öhrn's of *A Dreamplay* at the revolutionary "Theatre 9."

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Tasks ahead for Poland

AFTER A YEAR of turmoil and a week of heated debate the Polish United Workers Party has democratically elected a new party leadership and has gained in the process two precious assets—legitimacy and authority. Up to now the Polish Communist Party's right to act "the leading role" in society stemmed from the Soviet-inspired takeover of power in the wake of the Red Army advance during the second world war. Poland's geo-political position remains the fundamental reason why Poland will continue in the foreseeable future to be ruled as a one-party Communist state.

But the fact that the new Central Committee and Politburo, as well as the First Secretary and Prime Minister, were freely elected in a secret ballot by delegates themselves freely elected by the party's nearly 3m members now gives them a legitimacy denied leaders of other Communist regimes.

Social renewal

The Congress spent far more time electing its leaders than discussing the party's programme for Poland's economic, social and political renewal. To a degree, of course, the debate over personalities has also been a debate over policies. Ideas, after all, march on two feet, as the former Italian socialist leader Pietro Nenni once remarked. First impressions of the new Central Committee, for example, indicate a majority in favour of the moderate, centrist policies advocated by Mr Kania and General Jaruzelski. Most of the obdurate hardliners have been swept away. But, again in the secrecy of the voting booth, delegates also made sure that the new Politburo has its share of blue-collar workers as well as men like Stefan Olszowski and Albin Siwak in whom the Soviet leadership has already declared its trust.

With Congress and the elections over, the new leadership has to embark upon the difficult task of first stabilising and then reforming the Polish economy and of governing Poland with a firm but responsive hand. The first test of the new regime's style of government will come later this week as it faces up to the complex issues involved in the threatened dock strike in Gdansk and the demand by LOT airline workers to elect their own executives in the name of self-management.

Despite the enhanced authority which the party and government have obtained from the Congress their freedom of manoeuvre remains severely circumscribed. The Communist Party is operating within a pluralistic environment. It still has to work out a modus vivendi with the independent trade union movement, Solidarity, and the Catholic church. Solidarity has 10m members and faces its own congress, due next month.

What is more, those now holding positions of authority will be much more accountable in future to the views of the party rank and file. The new party statute was not finalised at the Congress and this represents a major element of unfinished business. But the intention of the party reformers is clear—henceforth the Central Committee must be more responsive to the views of the party members and the Politburo more accountable to the Central Committee.

What emerges from this Congress therefore is a party and government which enjoy far more legitimate authority than any other communist government, hedged around by the sort of checks and balances which are normally associated with democracy. This is an unprecedented situation for a communist government.

Making this hybrid work would be difficult under any circumstances. It will be doubly difficult for Poland because the economy has sunk deeper into a vicious circle of declining productivity over these past 12 months of intense political activity. The first priority of the new leadership must be that of getting Poland back to work.

Reforms

At some stage in the near future, however, patching up the holes in the economy will have to be matched by more fundamental reforms of the price structure and definition of what self-management is to mean under Polish conditions. It is at this point that the authority and skills of Poland's new rulers will be most sorely tried. So far the exhilaration of political reform and more openness and honesty in public life have helped to compensate for the queues and shortages. From now on the party will be judged on its ability to deliver the goods.

Haunted by debt and Mrs Thatcher

THE SUPPLEMENTARY budget to be introduced in Dublin today by Mr John Bruton, the Minister of Finance, is almost designed to be unpopular, and it is highly necessary. However, the prospects for this or almost any attempt to seize control of the Republic's debt-ridden economy, where public sector borrowing is now over a fifth of national income and the balance of payments deficit is projected to reach 15 per cent of total spending, is haunted in two senses by the policies and record of Mrs Thatcher. Dr Garret Fitzgerald has made his proposals an issue of confidence, but the outcome must be uncertain.

The economic background is starkly simple. The Irish economy, potentially one of the faster-growing regions of the EEC, naturally depends heavily on foreign borrowing: this is the counterpart of a high rate of development. As long as the Republic was within the sterling area, this presented no problems. Irish demands were a small component of total borrowing in London, and inflation and monetary growth were determined by events in Britain. The outcome was hardly satisfactory, but posed no special problems for the Irish authorities.

Bad luck

The Republic embarked on its monetary autonomy within the EEC, publicly determined to reduce its need for overseas credit: but a combination of bad luck—with the business cycle, and especially with EEC farm prices—and worse management has seen the deficit virtually double in real terms.

Dr FitzGerald, an economist himself, was elected on a platform which included a comprehensive if somewhat wishful plan for national recovery, including a shift from direct to indirect taxation, an elimination of the Budget deficit on current spending over four years, and a firm policy for incomes and prices in the public sector. Progress in reducing debt was partly postulated on accelerated growth—a piece of optimistic arithmetic practised in much larger countries, too.

On taking office, however, Dr FitzGerald has found that the situation is much worse than the fairly forbidding projections made at the time of the last Budget. Partly as a result of irresponsible spending decisions made ahead of the recent election, the projected current deficit is now virtually doubled at I£195m, or 9½ per cent of GDP, and capital borrowing is also running I£100m over budget. The total slippage is 5 per cent of GDP.

In these circumstances his first steps must necessarily be almost entirely deflationary. The package today is expected to feature higher public sector prices and welfare charges, together with a sharp increase in indirect taxes.

However, the apparent inflexibility of the UK government over the issue of the Maze hunger strikers is already putting all political calculations at risk. The imminent death of Mr Kieran Docherty, the hunger-striking Irish MP, could upset the balance at almost any time.

Dr Fitzgerald, for all his persuasive powers, has yet to create a public understanding of what is necessary. This is partly because the Irish economy was sheltered from the real consequences of a grossly inflationary regime as long as sterling was rising rapidly against the punt. The subsequent decline of sterling may be gratifying to anti-British sentiment, but is not generally perceived for what it is — a pressing threat to Irish competitiveness and growth.

Farm incomes

Not everything is gloom, it is true. Farm incomes, after a precipitous fall in 1979 and 1980, should now recover sharply, thanks to a more favourable EEC price round coupled with a devaluation of Ireland's "green" currency. New industries developed during the period of almost unlimited borrowing are now coming on stream. But with labour relations chaotic, and the acute political difficulties we have outlined, Dr Fitzgerald is still working against daunting odds. He has the understanding to restore sound policies. It remains to be seen whether he can win the opportunity to persuade his fellow-countrymen to swallow the medicine he prescribes.

TRAINING FOR THE FUTURE

A tale of two cities

By Alan Pike


Frankfurt: 16,000 apprenticeships


Birmingham: a depressing picture

Training officials in Frankfurt speak confidently of the high commitment which employers give to vocational training in a modern industrial economy. Their counterparts in Birmingham use words like tragic and heartbreaking as they survey the recessionary remnants of the apprenticeship system in the heartland of the British engineering industry.

ULRIKE is a West German teenager who left school in Frankfurt this summer to work in one of the city's academic bookshops.

Under the German industrial training system she will have to serve a two year apprenticeship, during which time, she will not only develop her career but continue her general education. She is likely to take this training period seriously, because her future career prospects and pay levels depend upon her completing it satisfactorily.

Some 16,000 young people like Ulrike will be undertaking apprenticeships in Frankfurt this summer. In Birmingham—Frankfurt's twin town—about the same number will be unemployed as the school term ends this month.

The German industrial training system has recently been under close scrutiny in Britain, where the Government will later this year be making important decisions on the reorganisation of training—an area where, by universal consent, it is accepted that Britain lags behind most industrial nations.

Any feeling that vocational training and the preparation of school leavers for the world of work—or unemployment—is a purely academic issue must have been dispelled by the rioting in cities and towns around Britain this month.

It may be simplistic to make an unqualified link between youth unemployment and social unrest. But it is equally unrealistic not to acknowledge that the way a society prepares its young people for work will do much to shape their future attitudes.

Training officials in Frankfurt speak confidently of the high commitment which employers give to effective vocational training in a modern industrial economy. Their counterparts in Birmingham use words like tragic and heartbreaking as they survey the recessionary remnants of the apprenticeship system in the heartland of the British engineering industry.

This tale of two cities illustrates more than the current differences in economic conditions between Britain and Germany. The German experience—where virtually all young people go into higher education or some form of training—is a valuable yardstick against which to measure the proposals for reforming Britain's own, more dismal, performance.

Britain's Manpower Services Commission (MSC) is at present receiving comments from industrial, educational and other interests on its New Training Initiative, designed to bring Britain's training arrangements more into line with the best practices in other countries.

It has three main objectives:

- To give all young people under 18 the opportunity of either continuing in full-time education or entering a period of planned work-experience combining training and education.
- To reform the apprenticeship system so that success is measured by achieving agreed skills rather than serving a particular period of time.
- To increase opportunities for adult training and retraining.

In the autumn Mr James Prior, Employment Secretary, will decide how these crucial objectives can best be achieved. He will also announce how many of Britain's 24 statutory industrial training boards will survive to help meet them. But the Government has already made it clear that it wishes to rely wherever possible on voluntary arrangements.

The German system is also voluntary, in the sense that apprenticeship schemes are run by industry rather than state or federal agencies, but the training has a statutory foundation and is much more formalised than in Britain. Young people in Germany can leave school at 15—though last year more than 40 per cent stayed beyond the minimum age—but must then continue their education part-time at vocational schools, usually until they are 18.

This German "dual system" attaches great importance to providing a strong link between school and work through part-time vocational education. A similar approach has been adopted by some individual companies and training boards in Britain, and the MSC's new vocational training proposals for all under-18 year olds mirrors the German system.

As a starting point, in a different economic climate, the MSC proposes to extend its Youth Opportunities Programme (YOP) for unemployed young people into a system of "good quality preparation for work lasting up to as much as a year for those young people who need it."

But in spite of improvements since YOP was launched, the MSC still has to convince doubters among employers and trade union leaders (not to mention the young people themselves) that it offers really worthwhile preparation for the future.

In Germany, apprenticeship is already the mainstay of the industrial system. Unlike Britain, where apprenticeship is confined to a limited number of mainly industrial occupations, apprentice registration and indenture is compulsory in Germany in 450 occupations designed to form the basis of more than 40,000 adult skills.

And the content of apprenticeship courses is determined at Federal Government level, while the operation of the system is the responsibility of local chambers of commerce.

In Frankfurt, for example, Herr Ernst Runne, director of training at Frankfurt Chamber of Commerce, and his staff run the system in the city and surrounding area. They provide companies with training advice, and ensure that employers have adequate training facilities to meet their obligations and that apprentices are paid the negotiated rate. Apprentice rates, which are low compared with many in Britain, are negotiated between employers and unions.

The chamber and unions then set and supervise the apprenticeship examinations which young people must pass if they are to qualify for full skilled rates of pay.

There is a considerable amount of debate in Britain, as the Government considers abolishing statutory training boards and levies and relying more on voluntary arrangements, about whether employers would finance training without any legal compulsion to do so.

Herr Runne regards the British debate as meaningless in German terms. "We do not have to force people to carry out training. The need to have an adequately trained and adaptable workforce is taken for granted."

The same cannot be said for Frankfurt's twin town, or the rest of Britain. There will be 12,000 young people leaving school and seeking work in Birmingham this month and, combined with other young people already unemployed, the city's youth unemployment total will rise to around 17,000. Vacancies are 70 per cent down on last year, which was itself the worst on record.

This deeply depressing picture looks no better when it is examined in training terms. Last year only 16 per cent of young people in Birmingham entered jobs which offered apprenticeship or similar training—compared with 50 per cent in Germany — and this year the proportion is certain to be lower.

The West Midlands office of the Engineering Industry Training Board has found employers for only 1,200-1,400 engineering apprentices this year—half as many as last year, which was itself 50 per cent down on the year before.

"Many training opportunities that used to exist have disappeared," says Mr Peter Jones, Birmingham's principal careers officer. "Young people go on to the Youth Opportunities Programme, *but* that tends to provide only low-level training. There is no comparison with the German system."

Birmingham's disadvantages against its German twin town may be exacerbated by youth unemployment. But they are not caused by them. The root inadequacies of Britain's industrial training arrangements—too few apprentices on a too rigid system, limited chances for retraining later in life and an unplanned transition between school and work — are now widely acknowledged by both sides of industry.

There will be a fierce argument about the relative merits of statutory and voluntary training systems when the Government announces it plans later this year. But many politicians, employers and union leaders agree that the still more important — and more elusive — issue is the need to change attitudes.

In Frankfurt Herr Runne takes it for granted that employers, unions and individual workers will give training a high priority. The first sentence of an Association of German Chambers of Industry and Commerce publication describing the German system is a declaration of faith which would be accepted by all three groups: "The quality symbol 'Made in Germany' is inconceivable without an efficient occupational training system."

This attitude means that adult retraining does not encounter the "job for life" barrier often met in Britain, while initial training is much more effectively integrated with the education system, although some critics of the highly centralised German system fear that it may be insufficiently responsive to individual needs.

How Britain is to achieve the change of attitude necessary to make training taken for granted as it is in Germany will dominate the discussion about Mr Prior's proposals. With a change of attitudes the argument over whether training arrangements should be statutory or voluntary would lose most of its meaning.

However, faced with existing attitudes in Britain, many trade union leaders fear that employers are calling for the abolition of statutory training boards only because they wish to stop spending money on training.

The MSC itself, in a draft of the report on training arrangements which it will be presenting to Mr. Prior shortly, has warned that a return to total dependence on market pressures to secure adequate training would, except perhaps in one or two special cases, very quickly result in a "serious loss of training resources and commitment."

Mr Dennis Hunt, a senior official at the Engineering Industry Training Board offices in Birmingham, is at present busy trying to find new employers for 600 apprentices who have begun their training but been made redundant. Many of them are, he says, highly talented young people whom industry will urgently need when there is an economic upturn. Herr Runne no doubt faces many problems at his office in Frankfurt. But this is not one of them.

MEN AND MATTERS

Outsize broadcast

From Atlanta to Wellington—including such unlikely in-between spots as Bangkok and Bogota—television viewers, it seems, will be glued to their sets next week for the Royal Wedding, which now looks like rivalling the Olympic Games as the biggest outside-broadcast ever mounted.

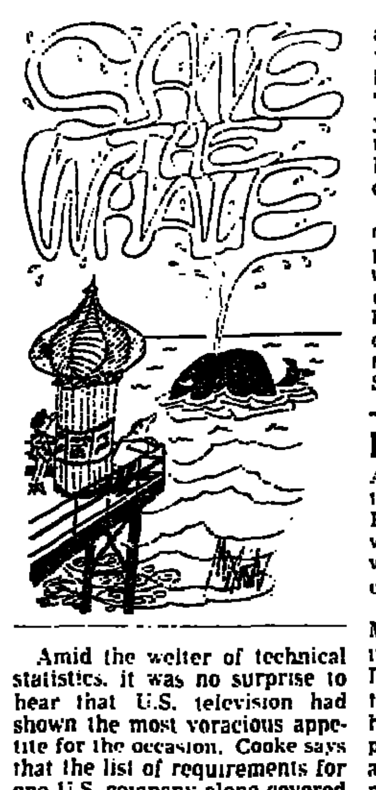
Certainly by far the most extensive production ever staged in Britain, says British Telecom chairman Sir George Jefferson, singing the praises yesterday of his back-room boys who will ensure the pictures reach a conservatively-estimated 750m viewers.

A team of more than 200 BT engineers and technicians are spending their days erecting a complex web of aerials on the rooftops along the wedding route, and their nights laying extra cables beneath the streets.

Peter Cooke, head of BT's London outside broadcasts, who won his spurs in the coverage of the 1953 coronation, is in charge of the operation that will link the cameras and commentators to almost 100 companies in more than 50 countries.

"Four months' normal work will be crammed into one week," says Cooke. He has had to fill the former restaurant at the top of the 620 ft Post Office . . . sorry, British Telecom Tower with extra equipment to meet the demand. Closed circuit television channels used for inter-city business conferences are being switched to help the wedding coverage.

Pictures will be transmitted to Europe through a network of cables and worldwide from Goonhilly in Cornwall and Madley in Herefordshire via seven satellites hovering over the Atlantic and Pacific. So congested will be the landline from London to Goonhilly that same pictures will be routed there by way of Martlesham in Suffolk and the European satellite 22,000 miles up in space.



Amid the welter of technical statistics, it was no surprise to hear that U.S. television had shown the most voracious appetite for the occasion. Cooke says that the list of requirements for one U.S. company alone covered 13 ft of telex tape.

Chapman's chaps

The pen, it seems, is mightier than the Australian dollar. At least that is the way David Attenborough and his more militant literary colleagues must feel as their well-publicised campaign to harass the News International's bid for Glasgow-publisher William Collins bore fruit last weekend.

Ian Chapman, Collins's chairman, is convinced that the support of such top-sellers as Jack Higgins and Alistair Maclean played a crucial part in the resistance. "Actually," he told me yesterday, "I was surprised at the strength of feeling of our authors. I was accused of whipping them up, but in fact I tried to tone them down a bit—in their own interest."

With publishing going through such a lean period, Chapman admits that the attractions of his list of authors was not going unnoticed by hungry rivals in Bloomsbury. "If an author wants to leave you, it is very difficult to make their contracts legally binding," he said. "It was a real concern."

But at the News International offices in Bouverie Street, company secretary Philip Ekberg was dismissive of the authors' offensive, preferring to attribute the defeat to the equally conservative Scottish institutions. "They just didn't want Sassenachs involved," he said.

Book end

A unique distinction I should think for a man to become Prime Minister of a country which still bans the book in which he sets out his political creed.

Datuk Seri Mahathir Mohamad, who has taken office in Malaysia, wrote "The Malay Dilemma" in 1970 shortly after the country had been rocked by race riots. It examined the plight of the Malay community and demanded positive measures to help them get on an equal footing with the Chinese and foreigners who dominated the country's business and trading life.

The Prime Minister of the time, Tunku Abdul Rahman, called the book racialist and banned it and Mahathir was kicked out of the ruling United Malays national organisation.

He worked his way back into politics under Rahman's successor, Tun Razak, and, as a minister in recent years, has had the satisfaction of helping to implement the policies he advocated in the shape of a new economic programme designed to give Malays ownership of 30 per cent of the corporate sector by 1990.

Copies of his book—now into its fourth print, a best-seller in neighbouring Singapore, and source of a steady income—were discreetly flown in for Government economic officials planning the new policy.

The official ban stays, however. Mahathir has not yet decided whether he should use his newly acquired powers to lift it.

Interesting point

Render unto Caesar that which is Caesar's, and unto godfearing bank acount holders profits in excess of normal interest rates. Instructions to this effect, made by the Pakistan Government to the country's banks, *appear so far to be* working.

After six months of Islamic banking, those customers who deposited their money in "interest-free" accounts have found that they have received greater returns than if normal interest rates had been calculated.

First results published this weekend by four of Pakistan's five commercial banks show that returns on the special savings accounts were around 8.5 per cent with 15.25 per cent being earned by long-term deposits. In conventional accounts the comparable figures would have been 7.5 per cent and 12 per cent.

The secret of blind-faith banking is that the so-called "interest-free" deposits are really profit and loss accounts with depositors taking a share in the winnings or otherwise of the banks' investments.

So far around 500,000 accounts have been opened receiving three billion rupees ($300m) in deposits.

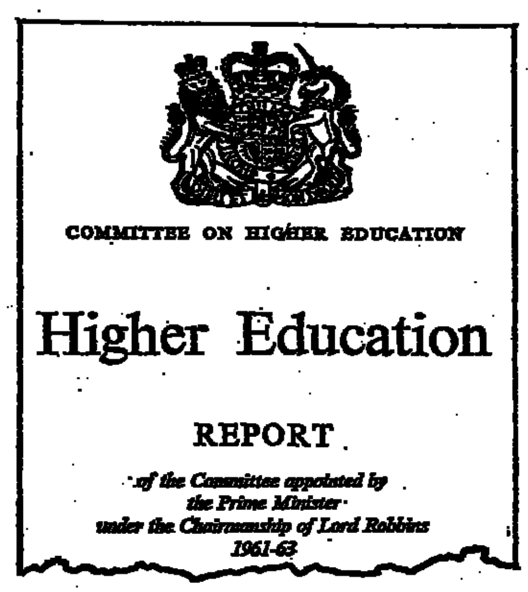
President Zia-ul Haq, however, must be pleased with the results. Like other loyal military men, he was among the first to put his own cash on the line.

Late cut

Not even Ian Botham's defiant innings yesterday could entirely dispel the depression that hung over Headingley. One dejected fan unfurled a banner asking: "Friend of George Davis, where are you now that we need you?"

Why the cuts impair important freedoms

Modern British higher education owes a great debt to Lord Robbins (left) whose report laid down principles for its expansion in the 1960s. Here he considers the impact of cutbacks imposed by governments since then


COMMITTEE ON HIGHER EDUCATION

Higher Education

REPORT

of the Committee appointed by the Prime Minister under the Chairmanship of Lord Robbins 1961-63

THE CONTROVERSY about recent changes in Government policy regarding higher education, particularly the universities, is not as simple as the main parties on either side suppose. Both defenders and critics overstate their respective cases and the result is public confusion. Let me try to sort out the issues involved.

First, let there be no doubt that the target figures of numbers of students, prescribed to the different universities, involve a quite clear repudiation of what has come—inappropriately—to be called the "Robbins Principle," namely that places should be available for all students willing and capable of benefiting by higher education. In my judgment this is a principle which we should all accept: it is the main *positive* embodiment of the principle of equality of opportunity which should be common to all adherents of democracy.

It is no answer at all to say that, somewhere or other in the system, applicants to the universities can be provided for *elsewhere*. The principle assumed that those who have survived the admission tests of universities, will find places *at that level;* and the setting of detailed number targets for admission to individual universities destroys such an implication.

The imposition of target numbers also destroys the principle of the freedom of individual universities to determine the nature of the courses they offer.

In the past the tradition of the University Grants Committee (UGC) was to give within the principle, more indirect indications of what its revenue grants implied. It reserved more direct discrimination, where discrimination was obviously incumbent, for the capital account. I have no hesitation in declaiming that this particular form of prescription impairs in an important way freedoms which hitherto have been regarded as tending to the general interest. While admitting that the aggregate of Government finance going to the universities must be determined by the Government, I do not think that we should wish the detail of the activities of such institutions to be governed by prescription from the centre.

As regards the protest against cuts in general of the amounts going to higher education, I must declare myself to be somewhat unsympathetic. After all we still have inflation running into double figures. We are unfortunately compelled to provide more for defence and public order, not to mention the relief of unemployment. Consequently, if inflation is to be reduced, other forms of expenditure have to be reduced. Why should the governing bodies of institutions of higher education declare that any violation of the existing student/staff ratio—the most obvious way of dealing with the situation—be "catastrophic" or similar adjectives?

Such protestors should look round at universities abroad with a much greater ratio of students to staff, where performance is not all that contemptible. They should also look at the past practice of departments at home whose student/staff ratio considerably exceeded the average now prevailing. I have known personally departments where the ratio exceeded the present average by a good deal; whose products, both on the teaching and research side, were internationally famous.

The UGC defends its present student targets on the grounds that it is anxious to safeguard research. While yielding to no one in the value attaching to first-class research, I am inclined to think that this attitude is overdone. In many sectors where junior teachers are concerned, publication has become the main means of promotion—a sort of trade union ticket to tenure—to the considerable detriment of the highest priority, that of excellence in teaching; and the result is felt by students and (in many cases, not all) impaired by the premature research forthcoming.

Where the contemplated general cuts are concerned, the more serious questions concern their incidence, both in place and in time.

On the question of place, I will say little since, with one exception, I do not know the universities more seriously affected; I am hence unable to pass judgment on the decisions of the University Grants Committee. The one exception is Stirling where I am surprised that the one university of the traditional type to be created in that part of the Kingdom for the last 400 years, and which seems to me to be getting along pretty well, should be thus affected—presumably in order that Scotland should have its share of extreme victims.

But as regards timing I have more to say. As I have already said, I am not opposed to some cuts; and *in the long run* I would have thought that wastage on the part of teachers and the demographic influences affecting the number of students—a considerable fall in the relevant age-groups after 1983—would meet the aggregate magnitudes involved without undue hardship.

In the short run, however, things are different. As regards wastage, the right teachers do not retire or die or go elsewhere in the right places; and the consequent re-organisation can be extremely difficult. And as regards the number of students, the size of the relevant age group is likely to increase during the period concerned. This can be difficult for vice-chancellors who have to negotiate the necessary changes. It can be difficult, too, for the governing bodies concerned if the breaking of contracts of tenure is necessary. I have not had access myself to the figures of finance involved; but I have heard quite alarming estimates on the part of knowledgeable people. I am bound to say that I should have expected rather more flexibility in time than the rigid targets which have been laid down in this connection. We must assume that, had they thought their programme was impossible within the time laid down there would have been resignations from the UGC. But, as things stand, there are grounds for real anxiety.

This brings me to the present extremely ham-handed policy in regard to the fees charged to overseas students who are not in exceptional categories. Unless something is done about this, it is certain to reflect quite disproportionate damage on some of the most deservedly famous university institutions. Let me explain this very bald statement.

As early as 1963, when the Committee on Higher Education reported, it was recognised that fees in general had not kept up with inflation and had consequently contributed a diminishing percentage to the income of institutions of higher education. It was also noted that this involved an increasing subsidy per head to the cost of overseas students.

Accordingly it was recommended that there should be an *overall increase* in fees, making provision in the sums provided for necessitous native students, for an increase of this nature. The committee was advised by Treasury witnesses that the administrative difficulties here were small. The recommendation was made on two grounds. First, that a rise in fees was realistic in the circumstances. Secondly, that an increase of fee income would diminish the dependence of the institutions concerned on grants from the centre and so fortify them against differences which they might have with the central grant-giving authority.

But look at what has actually happened. Differential fees for overseas students were introduced by Anthony Crosland under a Labour Government. I myself protested at the time. I was not unaware that discrimination as regards fees was not unknown in some other parts of the world. But while I regarded direct assistance to the necessitous as incumbent on the national governments, I was in favour of uniformity of fees charged to all and sundry wherever they came from.

This, perhaps, may have been over-idealistic. What is not over-idealistic at all but just plain stupid, is the policy of the present Government in jumping from a discrimination, which could be tolerated and even understood in some parts, to the so-called full cost pricing to students from overseas not specially privileged — as are EEC students.

This has two conspicuous disadvantages. First — and here I speak with the experience, at one time, of many years chairmanship of the admissions committee of a large graduate school — it will eventually tend to deter the applications of a substantial proportion of overseas students whose presence would have been desirable, not only because they added to the excellence of the atmosphere of our universities and research, but also because, returning to their own countries, they brought official and business connections — advantages difficult to quantify, but which only the imperceptive will regard as negligible. They will go elsewhere where they are not thus charged full cost fees; and they and their successors will not return.

Secondly—and here I return to the sphere of the quantifiable—in so far as this policy deters applications from abroad, it must adversely affect the revenues of the institutions concerned — the institutions which actually attracted applications from abroad. And the more attractive the institution, the greater the cut in its revenue. Conspicuous examples are certain schools and institutions of London University—the world famous Post-Graduate School of Medicine at Hammersmith, the School of Hygiene and Tropical Medicine, for instance.

It is really most difficult to enter into the frame of mind of those who devised this policy—there must be someone at the Department of Education and Science who knows something about universities and the nature of the overseas demand for places in graduate schools. I can only say that if the persons responsible had set their brains to think up policies which would cause the maximum embarrassment to some of the most prestigious of our institutions of higher education, they could not conceivably have done better.

Letters to the Editor

Where aid goes

From Mr W. Griffin

Sir,—In his article "Third World poverty: Why it must be right to give" (July 15), Mr Heath presses the arguments of the Brandt report as if they were holy writ. In doing so, he makes a series of assertions and assumptions which are replete with error.

The word "aid" is, of course, an emotive one and anyone venturing to attack it is set upon by the pro-aid lobby with the alacrity with which Mr Heath has attacked Mr Brittan. The assumptions are, however, dangerous in their implications and must be confounded.

For a start, Mr Heath speaks of the Third World as if it were a unity. There are, of course, great variations of wealth among nations, and to imply that the world is divided between a few very rich developed countries on the one hand and a large number of very poor ones on the other is nonsense. There is a continuous range in incomes in the world both between countries and within them, and many of the countries which have received aid in the past have been richer than the donor nations. Economic achievement and progress depend on personal, social and political factors, and much of the Third World progressed rapidly long before foreign aid was invented (eg South East Asia, West Africa and Latin America). Aid has never been essential for the development of any country anywhere and the aid that has been given has been far less effective than its advocates claim. It is perfectly true that foreign capital has helped the development of many countries, but that is a different matter.

As one who travels a great deal on business, I know that in the Third World, as elsewhere governments and firms which can use capital productively and are willing to honour their obligations have no difficulty in securing capital for development purposes. The maximum contribution of aid to viable schemes is, therefore, the avoided cost of borrowing which is, at best, a marginal benefit, and overall can only make a minimal contribution to a nation's economic growth. The difficulties which so many Third World countries have in servicing their debt suggests that much capital is being used for non-productive purposes.

Mr Heath draws into his article two total irrelevancies. The first is the reference to Marshall Aid which was for reconstruction rather than for development and was terminated after four years, with West Germany able shortly thereafter to export capital. He also refers to the rise in oil prices. Many Third World countries, which rely almost exclusively on imported oil have weathered the repercussions of the price change with little diminution in growth. Aid provides no solution to the problems of nations which are unable to cope, and merely provides a patronising palliative.

The most important effects of aid, however, are scarcely touched upon in Mr Heath's article. The money which is transferred in aid is levied by governments in the form of taxation from the citizens of this and other countries, many of whom can ill afford such largesse and would grudge it exceedingly if they were aware of it. It is difficult to see, therefore, how any government can claim a mandate for such action. Even more significant is the fact that the countries which receive it are subjected to damage which is hard to calculate. Aid which is transferred from government to government carries with it no assurance that it will be beneficially spent, and little of it may filter down to the poverty stricken citizens. The one certainty is that much of it regularly remains in the hands of oppressive rulers, giving them enhanced ability to increase their power over their citizens, to their lasting detriment. Even Mr Heath must find it difficult to justify western aid being given to the governments of Libya, Cuba, Vietnam and the South Yemen, all of which have been recipients in the last two years.

W. T. J. Griffin.
Park House,
16 Finsbury Circus, EC2.

Subsidised lending

From Mr R. Whitney, MP

Sir,—In his article on "Why it must be right to give aid" (July 15), Mr Edward Heath said the bulk of additional funds for the International Monetary Fund and World Bank would have to come from the major Organisation of Oil Exporting Countries. He went on to say that it was an inequitable situation that Saudi Arabia was left with the smallest ratio of votes in the IMF to dollars contributed of any member of the Fund; and that this called for fundamental reform.

I think Saudi Arabia has played a responsible and valuable role in the Fund and that it was right to increase its voting powers. But in his comments, Mr Heath is failing to distinguish between loans to the IMF at market-related rates and the Fund's ordinary subscribed resources. The $75bn which has been subscribed to the IMF by members over the years is available to borrowing countries at rates which are at present not much over 6 per cent. That is a far cry from the market-related rates which the Fund will have to pay and charge on the amounts recently borrowed from Saudi Arabia. It is a bit like the distinction between equity and loan capital: the first gives voting rights but nobody expects the second to do so.

Mr Heath says that if the funds acquired from Opec are to reach the developing countries, more of the IMF's lending will have to be subsidised by Western countries. Mr Heath himself mentioned the constraints which already exist on public spending by industrialised countries. It seems a bit hard to expect the Western countries first to give voting rights to Opec for providing well-secured loans at market-related rates, and then to chip in subsidies as well on the ground that the Opec money is no use to the less developed countries without them.

Ray Whitney.
House of Commons, SW1.

A shift from engineering

From Dr G. Gooberman

Sir,—Is it not time that industry realised the implications of the redistribution, after the cuts, of resources between Universities, particularly in science and engineering? The University Grants Committee had no choice but to implement the cuts required by the Government (some may well be necessary in the present economic climate) but it has reduced the total number of science and engineering students by over 2000. Precise figures are not available but from the directives to Universities from the UGC it looks likely that a shift from engineering to science is planned. In physical science, 32 Universities are to increase, 5 to maintain and 5 to reduce student numbers. Whereas, in engineering, 14 are to expand, 5 to maintain and 2 to decrease student numbers. Some of the "expansion" in physical science will come from the reduction in numbers of biology students, but the overall "expansion" in numbers will, in the main, be provided by the drastic cuts imposed on the technological Universities. The UGC has effectively transferred about 2,300 students, in all disciplines, from the technological to the "conventional" Universities.

It is incomprehensible to me that some of the technological Universities should have been so badly mauled considering their excellent record of research and development on behalf of industry and that their students find no difficulty in obtaining jobs. For example, the most heavily cut University, Salford, regularly appears among the top ten Universities for placing graduates in employment, in fact its median position over the past 10 years has been fourth from the top.

I hope I am wrong, but it appears that science is to be enhanced at the expense of engineering, industrially orientated Universities are to be penalised and academics advised that state-funded research is far superior to that required by industry. Presumably the UGC, which distributes nearly £1bn of public money each year, without any accountability, considers that the Universities should not contaminate themselves with industry. I write with some bitterness being both a senior lecturer at Salford and a director of a flourishing high technology company. It is ironic that over the past few weeks I have been approached by three different firms for assistance. I doubt if I shall hold my job long enough to help them.

(Dr) G. L. Gooberman.
University of Salford
Salford

Irritating squabblers

From Mr P. Morris

Sir,—Although a relatively new underwriting member the time has come to say that I and many other non-working names are becoming more than a little irritated at the amount of publicity given to the squabbling hotch-potch of meddlers calling themselves "The Association of External Names," the numbers of which are quite phenomenal at approximately 1 per cent of all names.

I have no doubt that their knowledge of Lloyd's is far greater than mine, but still falls sadly short of that required to actively participate in the market.

In my opinion they should allow the professionals to continue without interference and if dissatisfied with their managing agent find another or leave, as I for one fail to see why the majority should suffer for a rather verbose minority.

Philip Morris.
213 Preston Road,
Wembley, Middlesex.

Is Lloyd's necessary?

From Mr D. Martin

Sir,—Rarely, if ever, in its long history has Lloyd's received as much sustained publicity in the media as in the past two years or so. The lucid and erudite articles and reports by Mr John Moore have been outstanding in this connection and have served to dispel mystique and illusion surrounding that august and venerable institution.

Correspondence published has been of great volume and value while your occasional comment has been as restrained and sensible as regular readers would expect. It is ironical that the spate of publicity which the Lloyd's powers-that-be are known not to have welcomed, has been concurrent with the expansion of Lloyd's of London Press, the corporation's own commercial publishing arm.

Lloyd's, often incorrectly described as a rich man's club (not all members are wealthy though none is poor) is unique. So, too, are the 20,000 or so club members who, in providing the backing for policies, accept unlimited personal liability. It is probably fair to say that the 16,000 or so non-professionals at Lloyd's joined the club for one or other or even both of two main reasons: i.e., the substantial tax benefits which accrue; and the cachet of being "a Lloyd's underwriter."

Although most advanced industrial countries have nothing resembling Lloyd's all have substantial and well-established commercial concerns undertaking insurance business. This prompts us iconoclastically to wonder whether Lloyd's has become a 20th-century anachronism and is no longer necessary. Could not all the business now transacted at Lloyd's be comfortably absorbed by the UK's massive insurance concerns with comparable if not superior efficiency and economy? Their shareholders would then accept the risks (and, in effect, replace Lloyd's names); the Treasury would benefit because the tax privileges given to the Lloyd's community would no longer be necessary even if they are now; incestuous relationships in the Lloyd's "family" among underwriters, brokers, managing agents and members' agents, which are at the root of many of its present problems, would be terminated; and Lloyd's members could apply their means to other nationally-beneficial activities.

David Martin.
1 and 2, Rocky Lane,
Rotherfield Greys,
Henley-on-Thames, Oxfordshire.

Today's Events

GENERAL

UK: Unemployment and unfilled vacancies, provisional figures for July.

Railway Staffs' Joint Council meets to discuss independent tribunal pay increase recommendation for railway workers.

Civil Service Union executive meets on pay offer.

British Gas annual report.

TUC disabled persons conference.

Memorial Service for actor Jack Warner, St Martins-in-the-Fields, London, 11.30 am.

Overseas: Second and final day of Western Economic Summit, Ottawa.

Supplementary Budget by new Irish Government.

Second and final day of EEC Agriculture Ministers, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Supply Day debate on rate support grant reductions for Lothian and Dundee. Motion on undertaking by Scottish Secretary with Western Ferries (Argyll) Ltd.

House of Lords: Education (Scotland) Bill (committee). British Nationality Bill (committee).

Select Committee: Energy. Subject: Estimates 1981-82 and Public Expenditure White Paper. Witness: Sir Donald Maitland, Permanent Under-Secretary, Energy Department. Room 15. 5.40 pm.

COMPANY RESULTS

Final dividends: Astra Industrial Trust. Dowty Group. Hogg Robinson Group. **Interim dividend:** Meldrum Investment Trust.

COMPANY MEETINGS

Alliance Investment, 1 Laurence Pountney Hill, EC, 2.30. Allied Breweries, 20 Aldermanbury, EC, 3. Associated Biscuit Manufacturers, 121 Kings Road, Reading, 11.30. Bankers Investment Trust, 2 Puddle Dock, EC, 2.30. Normand Electrical, Charing Cross Hotel, The Strand, WC, 12. Whitbread, The Brewery, Chiswell Street, 12.

Crown House on target with £2.09m at year end

IN LINE with the forecast last December, taxable profits of **Crown House** were over £2m for the full year, and the final dividend is maintained at the same rate as last time.

On turnover down from £153.9m to £136.5m, the surplus for the 12 months ended March 31 1981 was £2.09m, although this was less than half the previous £4.55m. The total net distribution is held at 5.25p per 25p share with a same-again final of 3p.

At halfway the pre-tax figure had dropped from £1.69m to a near breakeven £70,000.

The board has some hope of seeing an improvement in profits during the current year, but given a continuation of current trading conditions, this is unlikely to be on any significant scale. It remains the firm intention to maintain the business at proper margins, the directors state.

They explain that the drop in turnover principally reflects lack of completions of overseas contracts. Considerable improved figures were attained in engineering contracting in the UK, but a severe downturn in demand for glassware products, in the summer of 1980, caused that division to carry unnecessarily high stocks which was not rectified until early in 1981, incurring considerable interest charges.

Order books in engineering contracting are generally satisfactory and a useful amount of new work has been secured overseas in early months of the year; better figures are looked for in the current year mainly to be derived from overseas.

In electrical wholesaling, there is a severe shortage of demand and if this continues, the division is unlikely to be profitable in current year.

An improvement in glassware profit is anticipated following the adjustments to current trading conditions which have taken place. It is too early, they state, to comment on Denbyware, whose tableware interests in 1980/81 were unprofitable.

Tax figure for the year was a credit of £3.68m (£2.01m charge)—there was a £4.47m deferred tax release—and after extraordinary credits of £435,000 (£1.68m) and minorities, £41,000 credits (£114,000), there was an attributable profit up from £4.33m to £6.24m.

Earnings per share are given as 25.7p compared with 11.7p.

Net cash balances as at March 31 amounted to £6.3m (£1.4m overdrawn), capital expenditure was £1.5m (£6m) during the year and on a CCA basis pre-tax figure is reduced to £1.19m (£3.27m).

● comment

Crown House has surpassed its £2 pre-tax forecast without a lot to spare, but must be well-pleased to have done so after an almost profitless first half. In proportional terms, glassware took the hardest knock. Expensive overstocking was not overcome until near the end of the year and profits fell by over 90 per cent. Contracting took almost as severe a battering, but thanks to more favourable exchange rates should stage a recovery this year. Crown's successful if tempestuous courtship of Denbyware has added another area where recovery must be the objective. Net of the £2m to be received for Denby's share of International Ceramics, the acquisition cost Crown £3.3m, but earnings will probably be negligible this year (following losses in the year to March). Crown's fully-taxed p/e of 16 (on a price of 74p) may be looking to a restoration of the previous year's earnings, but the company itself does not expect as much this year. A yield of 10 per cent offers the main inducement to watch events.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alexanders Discount int.	5.5	Aug 27	5.5	—	17
Automated Security int.	1.15	Nov 13	1	—	2.4
CH Industrials	1.51	Sept 10	1.51	2.42	2.42
Concord Rotaflex	0.6	—	0.1	—	0.1
Crown House	3	—	3	5.25	5.25
Initial Services	6.25	Oct 1	5.25	9	7.5
Investors Capital int.	1.5	Sept 4	1.5	—‡	3.05
Leda Inv. Trust int.	1.47	Aug 31	1.47	—	4.27
GF Lovell int.	Nil	—	3	—	3
Meggitt int.	Nil	—	0.42	—	0.84
Sheffield Refreshment	1.7	—	1.62	2.4	2.32
Siebe Gorman	4.75	—	4.75	7.26	7.26
Stroud Riley	2	Sept 11	Nil	3	0.5
Vinten Group	2.5	Oct 1	1.8	3.5	2.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total 3.05p expected.

Initial Services £4m rise

SECOND-HALF pre-tax profits of **Initial Services** increased from £8.04m to £10.78m, and lifted the full-year's surplus to £19.71m to March 31 1981, against £15.7m previously.

Turnover of this hire, service and replacement basis of towels, coats, garments group, expanded by £17.32m to £145.33m, and the dividend is stepped up to 9p (7.5p) net per 25p share with a final payment of 6.25p.

Above the line, non-trading income was higher at £295,000 (£71,000) and interest charges were lower at £857,000 compared with £1.57m. Tax was well up, however, at £7.47m against £4.69m leaving net profits at £12.23m (£11.01m).

After minority interests £366,000 (£321,000), and extraordinary debits totalling £1.08m (£434,000) the attributable balance was £10.79m (£10.26m). Dividends absorb £4.8m (£3.98m) leaving £5.99m (£6.28m) retained.

Earnings per share are 22.4p (20.2p).

A change in accounting policy regarding foreign currency conversion has been made and comparatives have been adjusted accordingly.

Despite loan repayments of £1.9m, there was a £7m improvement in the group's cash position.

On a CCA basis pre-tax profit is reduced to £15m (£10.9m), and earnings are 13.6p (11.4p).

● comment

Initial left the forecasters and most of the competition in the dust yesterday with a second half profits jump of a third on sales struggling ahead by 8½ per cent. There is no single reason for the sharp improvement, more a combination of factors working the group's way. Earlier overseas developments paid off with profits around £¼m higher, in particular Australia swung into the black with a "six figure" turnround. It was the first full year of the mammoth NCB workwear contract (kitting out 116,000 miners) without development costs. But perhaps one of the major factors behind the upswing was the impact of shedding 500 jobs and generally tightening up money management. Another £7m cash has been squeezed out of the company leaving net capital gearing at virtually nil. And with £10m in the bank Initial is casting around with acquisitive eyes, especially overseas. Meantime the towel rental business continues to face a tough market with volume growth down to 4½ per cent last year. Unforeseen disaster aside further profits growth is on line for this year giving plenty of support to a fully taxed p/e of 12.8 and yield of 6 per cent.

Vinten rises sharply to £2m and pays 0.7p more

TAXABLE PROFITS of Vinten Group rose sharply from £1.37m to a record £2.02m for the 12 months to March 31 1981 and the net dividend is being stepped up by 0.7p to 3.5p with a final of 2.5p. A one-for-one scrip issue is also proposed.

At the interim stage profits were lower at £485,000 (£610,000) but the directors predicted a higher outturn for the full year.

The surplus for 1980-81 was achieved by an "exceptionally" good performance by all group companies. The group comfortably exceeded its minimum financial objective of a 30 per cent return on net operating assets and in general, avoided the severe effects of inflation and "the Government's deflationary policy."

The directors say this was made possible by concentrating on the development of specialist advanced products and systems with emphasis on unique features and service to customers.

Expectations in the current year for sales of military equipment are good with the delivery of the £2.4m order from Finland and a number of smaller overseas orders already received.

There have been an unusually high value of quotations with prospective customers and production will commence on the £680,000 order received from the Ministry of Defence for high speed cameras.

The directors point out that export successes of British Aerospace for the Hawk trainer could have very considerable significance for future sales of the group's podded systems. They say that any reduction in Government defence spending will not materially affect the group as sales are normally less than 15 per cent of the overall military equipment business.

Turnover of the group, manufacturer of photographic, film and television equipment and cameras, rose during the year from £6.65m to £9.17m and trading profit came through at £1.91m (£1.27m). Exports amounted to 70 per cent of turnover (59 per cent).

The pre-tax surplus was struck after interest income of £111,277 (£99,319) and was subject to tax of £795,443 (£615,377).

The retained balance emerged at £934,952 (£521,924) after dividend payments of £289,857 (£231,886).

Stated earnings per 20p share improved from 9.2p to 14.8p.

On a CCA basis the taxable surplus is reduced to £1.82m and earnings to 12.4p.

The directors say the military equipment division made a very strong recovery in sales, which reached record levels, and in the television equipment sector business for the group's range of camera mounting equipment continued to grow except in the U.S. where sales were down by a third. However, this shortfall was more than made up by significant exports to Australia, Canada, France, Germany, Italy, Saudi Arabia, Sweden and Thailand.

D. A. Pitman, a recent acquisition, also improved its performance and overseas companies achieved a general increase in sales and profits.

Negotiations are continuing with Brown Boveri Kent (announced in June) which may lead to the acquisition of the entire capital of that company's subsidiary Evershed Power Optics, of Chertsey.

● comment

Down by a fifth in the first six months, Venten Group's profits doubled in the second half of the year—and the outlook is good for 1981-82. The timing of contracts for major military systems has a big impact on short term movements in profits, and after a rather lean patch, the big contracts are now coming through strongly. The order backlog at the year end was up from £4.7m to over £6m, and Vinten has its sights on other important contracts like the Tornado and the development of high speed cameras. Business is also brisk on the TV equipment side, which accounted for three-fifths of last year's sales. The reorganised German company has moved ahead strongly, and the important U.S. business is showing signs of recovery. Vinten's profits may be relatively flat in the first half again this year, and its increasing development spending will have some short term impact on growth. But the stock market's long term confidence is reflected in a prospective p/e which, after allowing for profits growth of a fifth this year, is still over 20 fully taxed at 302p up 28p yesterday.

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Alexanders Discount static

THE DIRECTORS of Alexanders Discount Company report that earnings for the first half of 1981 were similar to those for the corresponding period last year.

They add that the rise in interest rates, which has continued since June 30, has not seriously affected the company's profits, since the average life of its portfolio has been short and remains so at the present time.

The net interim dividend is held at 5.5p. Last year's total payment was 17p.

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South Crofty petition dismissed

A petition by **South Crofty**, part of the St Piran mining and property group, for confirmation of a £1.4m reduction in its £3.8m share premium account, was dismissed by consent in the High Court yesterday.

At the company's annual meeting last September a resolution for the reduction was passed by a 99 per cent majority.

Last month the court gave the company time to file evidence about two shareholders who had not been given notice of the annual meeting.

Yesterday Mr John Lindsay, QC, for South Crofty, told the court that nothing had come of the attempt to find and file further evidence.

The petition had been opposed by a shareholder with 19,000 of the company's 18.6m issued shares.

Automated Security over £1m

AN INCREASE from £878,000 to £1.03m in pre-tax profits is reported by **Automated Security (Holdings)** for the six months to May 31 1981. Group turnover rose from £6.6m to £7.93m. A one-for-one scrip issue is proposed.

Mr Thomas V. Buffett, the chairman and chief executive, says the group continued to make progress in the first six months with turnover, profits and earnings per share all achieving record levels in a rather difficult trading environment.

Modern Alarms continued its planned investment programme in rental equipment by investing in excess of £2.5m (£1.5m) in new rental installations. Rental income in the first half was in excess of £3.2m (£2.5m).

The security rental area is still the group's main business and during the past six months the security systems purchased from Maxim Alarms, Mather and Platt and Gardner Security have been integrated with the Modern Alarms network.

These acquisitions made no net contribution to profits, but with reduced manning ratios being applied, Mr Buffett says he expects these operations to be trading profitably by the end of the financial year.

Manpower reductions, he adds, have cost the company £43,000 but have resulted in more cost efficient units. He says the second half turnover should continue at or above the present level.

After tax little changed at £56,000 (£53,000), stated earnings per 10p share are 10.43p (9.21p) and 9.38p (8.02p) fully diluted. The interim dividend is 1.15p (1p)—last year's total was 2.4p from pre-tax profits of £1.88m. Dividends absorb £130,000 (£123,000), leaving retained profits up from £702,000 to £839,000.

Shareholders have recently been given an opportunity to invest in United Computer and Technology Holdings, investment trust, and the Automated Security Board hopes the relationship will provide profit opportunities for both groups.

Siebe Gorman lower at £3.5m

ALTHOUGH second-half pre-tax profits of **Siebe Gorman Holdings** fell from £2.73m to £1.85m, this figure showed an 11.6 per cent advance over the first six months. Pre-tax profits for the full year to April 4, 1981 were however, lower at £3.51m compared with an adjusted £4.68m.

Turnover of this holding company with interests in protective and safety clothing, underwater, marine and industrial safety equipment, fire engineering, textiles footwear and rubber and plastic components, was down from £50.52m to £43.6m.

The final dividend is unchanged at 4.75p for a same-again total of 7.26p. Dividends absorb £752,000 (same).

The Board says the year's figures were achieved despite the continuing severe effects of the recession on the group's wide range of customers.

Trading profit of group companies was down from £4.21m to £2.76m, but share of profits of associated companies advanced to £751,000 (£474,000). After tax little changed at £1.41m (£1.52m) and extraordinary debits of £600,000 (£680,000), attributable profits came out at £1.49m (£2.48m).

Stated earnings per 25p share fell by 10.3p to 20.2p.

The extraordinary debits include closure costs, relocation and removal expenses of manufacturing facilities. Credit has been taken of £1.16m which represents deferred tax provided in respect of stock relief that has effectively become permanent.

The Board has reviewed the amount of goodwill appearing in the balance sheet at April 5, 1980, amounting to £1.18m, and has decided to write-off this amount completely.

On a CCA basis pre-tax profits were £2.33m (£3.02m).

● comment

Like most companies that supply goods to heavy industry in the UK, Siebe Gorman has suffered a severe decline in profits over the past year. On protective and safety clothing, for example, which account for about half of turnover, UK sales are off 23 per cent and profits down by half. Small losses were recorded in leisurewear and safety footwear. Abroad, however, Siebe's performance is inspirational. Profits in sterling terms are up about a quarter and now account for half the total. The group has adjusted to harder times, laying off a third of its 2,700 employees and squeezing £1¼m out of working capital. Net borrowings are down to about a third of shareholders' funds. The current year has started slowly but profits should show some improvement, as sterling eases and fire engineering profits continue to recover. At 164p, up 4p, the maintained dividend yields 6½ per cent, barely covered on a CCA basis. Assuming profits of £4m in the current year, the prospective fully taxed p/e of 8½ seems about right.

Agreement with Air Florida aids Intasun

Mr Harry Goodman, chairman of **Intasun Leisure Group**, formerly Leisure Securities, says in his annual report that results for the current year will reflect improved profitability resulting from the cross-lease agreement with Air Florida.

Intasun, tour operator, has taken delivery of its sixth Boeing 737 aircraft and with a similar aircraft leased from Air Florida, is operating seven aircraft this summer. All capacity has been sold for the season and a high rate of utilisation is being achieved.

A seventh Boeing 737 will be delivered next spring and will cost approximately £6.8m at present exchange rates.

Mr Goodman says cash deposits at the end of June totalled £32m compared with £16m in June 1980.

As known, pre-tax profits for the year to March 31 1981 were £10.3m. Fixed assets totalled £32.06m (£13.59m), and net current assets were £7.36m (£3.04m). Shareholders' funds were higher at £13.7m compared with £4.4m.

Meeting, Howard Hotel, Temple Place, WC, August 13, 11.30 am.

ISSUE NEWS

London American Energy placing raises $100m

THE private placing of 100,000 shares of **London American Energy** has succeeded in raising the minimum $100m set by the issue manager, J. Henry Schroder Wagg and Co.

London American is a new fund that is to participate in oil and gas exploration ventures in the United States with four U.S. independent oil companies over a three-year period.

Its success in reaching its fund-raising target comes after three recent public share offers by oil companies have failed.

Last week, Hamilton Oil Great Britain raised only £3.06m of the £14m it was seeking, and Sapphire Petroleum raised only £10m of the £15m it was looking for. The previous week, an offer by Jackson Exploration attracted applications for only 38 per cent of the £2.9m worth of shares available.

He said about 60 per cent of the funds were subscribed by funds managed by Schroder Wagg and its co-managers, Baring Brothers, Robert Fleming and J. Henry Schroder Bank AG.

The shares are to be listed on the Luxembourg Stock Exchange and dealings in London will be permitted under Stock Exchange rule 163 (1) (e). However, in accordance with U.S. regulations, there will be no dealings for 90 days.

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Edward Jones convertible

A rights issue of convertible loan stock is being made by **Edward Jones Group**, a Welsh building contracting and property developer, to raise over £400,000.

Edward Jones returned to the black last year with profits of £7,487 to December 1980 after three years of losses.

The company is now proposing to offer £429,573 of 15 per cent Convertible Unsecured Loan stock 1996-98 in the proportion of £1 of stock for every 10 ordinary shares held at July 10. The stock will be issued at par payable in full on acceptance by August 12.

The stock will be convertible from 1983 to 1996 on the basis of 20p a share. Yesterday in the market the shares held unchanged at 27½p.

The issue has been underwritten.

MT. CHARLOTTE ACCEPTANCES

Acceptances have been received in respect of only 38.3 per cent of the £2.9m 9½ per cent convertible unsecured loan stock offered by **Mount Charlotte Investments**. The remainder has been taken up by the underwriters. The issue was underwritten by Robert Fleming and Co.

UCT RIGHTS

The offer of 2m shares in **United Computer and Technology Holdings** by way of rights to holders in Automated Security (Holdings) and Rights and Issues Investment Trust has been taken up as to 84 per cent — 1.68m shares. The offer of 50p shares at £1 each was underwritten.

MANN EGERTON

Inchcape has reached agreement with **Mann Egerton** (a subsidiary) on terms to acquire the 7½ per cent preference shares and 8 per cent unsecured loan stock 1990-95.

Preference shareholders will receive one 5½ per cent redeemable preference share 1990-92 in Inchcape for every share held; and loan holders will get £1 of 8 per cent unsecured loan stock 1987-90 for every £1 stock held.

SHARE STAKE

John C. Small and Tidmas—Joynson-Hicks Trustee Company now holds 162,112 ordinary shares

VENTEK GROWTH

Ventek Computers, a supplier of minicomputers, distributed processing and electronic office products, has increased its 1980 turnover by 18.7 per cent to £13.89m, and its profit before tax by 36 per cent to £1.27m.

Ventek markets the Datapoint range of equipment in the UK.

LONDON TRADED OPTIONS

July 20 Total Contracts 1,292. Calls 1,184, Puts 108

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	22	5	40	2	50	—	300p
BP (c)	300	2½	67	24	1	36	5	"
BP (c)	320	½	—	12	2	27	2	"
BP (c)	350	¼	—	6	—	15	1	"
BP (p)	280	½	—	8	—	11	2	"
BP (p)	300	6	—	15	52	20	—	"
BP (p)	320	22	—	24	—	30	3	"
CU (c)	160	18	7	32	—	37	—	176p
CU (c)	180	2½	211	17	1	24	2	"
CU (c)	200	—	—	10	1	15	—	"
Cons. Gld (c)	420	32	10	55	6	70	—	450p
Cons. Gld (c)	460	4	—	32	3	45	1	"
Cons. Gld (c)	500	1	—	15	2	32	—	"
Cons. Gld (c)	638	1	3	—	—	—	—	"
Cons. Gld (c)	688	½	—	—	—	—	—	"
Court'lds (c)	60	4	64	9	3	14	1	63p
Court'lds (c)	70	½	3	4½	20	8½	—	"
Court'lds (c)	80	¼	—	1	10	4½	—	"
GEC (c)	600	118	2	135	2	—	—	716p
GEC (c)	700	18	17	53	—	75	—	"
Gr'd Met. (c)	160	46	2	49	—	—	—	204p
Gr'd Met. (c)	180	26	21	31	—	39	—	"
Gr'd Met. (c)	200	6	55	18	3	25	1	"
Gr'd Met. (c)	220	½	1	7½	7	14	1	"
ICI (c)	260	6	—	23	9	34	5	260p
ICI (c)	280	1	—	15	4	24	7	"
ICI (c)	300	½	9	8	3	15	6	"
ICI (c)	330	¼	8	4	—	9	5	"
Land Sec. (c)	312	17	44	35	—	45	1	328p
Land Sec. (c)	336	1	42	19	—	27	—	"
Mks & Sp (c)	100	29	38	—	—	—	—	128p
Mks & Sp (c)	120	9	36	16	—	22	—	"
Mks & Sp (c)	130	1½	57	9½	—	15	16	"
Mks & Sp (c)	140	½	27	5	—	9½	15	"
Shell (c)	330	38	6	60	1	60	—	366p
Shell (c)	390	¾	25	14	11	26	10	"
Shell (c)	420	1	10	7	—	14	1	"
Shell (c)	360	1	1	3	—	—	—	"
Shell (p)	330	1	—	8	4	14	2	"
		August		November		February		
Barclays (c)	420	28	14	38	—	55	—	445p
Barclays (c)	460	7	—	18	1	32	—	"
Imperial (c)	60	3	—	4½	—	7	10	60p
Imperial (c)	70	1	—	2½	—	3½	5	"
Imperial (c)	80	½	6	1	—	1½	—	"
Lasmo (c)	500	70	5	97	—	120	—	554p
Lasmo (c)	550	35	13	65	5	90	—	"
Lasmo (c)	600	15	2	45	—	64	12	"
Lasmo (c)	650	7	6	25	1	—	—	"
Lasmo (c)	700	4	—	18	1	—	—	"
Lonrho (c)	90	4½	—	8½	5	11½	10	92p
Lonrho (c)	100	2	—	5	—	7	70	"
P & O (c)	120	4½	—	10½	5	13½	—	119p
Racal (c)	360	50	1	65	—	79	—	404p
Racal (c)	390	21	58	43	—	58	—	"
Racal (c)	420	7	—	24	4	39	—	"
Racal (c)	460	2	—	10	—	19	1	"
Racal (p)	390	7	21	14	—	18	1	"
Racal (p)	420	20	18	26	5	30	—	513p
RTZ (c)	420	98	5	105	—	—	—	"
RTZ (c)	500	28	4	52	4	75	—	"
RTZ (c)	550	10	3	32	—	47	2	"

C=Call P=Put

SPAIN

July 17	Price %	+ or −
Banco Bilbao	327	−5
Banco Central	357	
Banco Exterior	355	−5
Banco Hispano	301	−3
Banco Ind Cat.	121	
Banco Santander	357	
Banco Urquijo	225	
Banco Vizcaya	355	−4
Banco Zaragoza	235	
Dragados	198	
Espanola Zinc	85	
Fecsa	66	
Gal. Preciados	44.5	−0.5
Hidrola	73.5	
Iberduero	58	
Petroleos	122	+1
Petroliber	90	
Sogefisa	59	
Telefonica	77.5	+1.5
Union Elect.	69.7	−0.3

MINING NEWS

Lower profits for Harmony

BY GEORGE MILLING-STANLEY

THE EFFECTS of the lower average bullion price during the June quarter on the gold producers in South Africa's Rand Mines group were largely offset by lower tax charges, higher mill throughput and some improvement in gold grades.

Harmony was the exception, and fared least well of the mines in the group. The gold grade fell to 4.12 grammes per tonne from 4.3 grammes, and net profits emerged 8 per cent lower at R26.49m.

The strength of the dollar against the rand also helped the mines, to the extent that three of them, Blyvoor, Harmony and East Rand Proprietary Mines (ERPM), actually received a higher price in rand terms during the period.

The average rise in working costs within the group was of the order of 5.55 per cent, with Durban Deep outstanding in terms of cost control wiht an increase of just 4.2 per cent.

Output was higher at Blyvoor and Durban Deep, boosted by slight increases in tonnage mined and higher grades. The former turned in virtually unchanged profits of R17.61m (£10.3m), while the latter managed a 14 per cent rise to R4.7m. Durban Deep will again apply for state assistance, as it did in respect of the first quarter.

ERPM also applied for assistance in the first quarter, but the latest profits, up 17.6 per cent to R10m, mean that the mine cannot claim for the first half of 1981.

The quarter's production was adversely affected by a fire, which meant that part of ERPM had to be shut down for a month.

The group's quarterly net profits are compared in the accompanying table.

	June qtr R000	March qtr R000	Dec qtr R000
Blyvoor	17,606	17,457	19,983
Durban Deep	4,716	4,137	10,007
E Rand Pty	10,004	8,509	18,210
Harmony	26,489	28,846	33,720

Noranda first-half fall

A SHARP decline in earnings from mining and metallurgical operations cut second-quarter and first-half profits of Noranda Mines, Canada's leading natural resources group, reports John Soganich from Toronto.

Excluding the profit on Noranda's sale of its 28 per cent stake in British Columbia Forest Products (BCFP), second-quarter net profits fell 49 per cent to C$43.3m (£19m), equal to 38 cents a share compared with 83 cents last time.

For the first six months, net profits were 44 per cent lower at C$104m, or 98 cents a share against C$1.87. The profit on the BCFP sale was C$76.5m or 78 cents a share.

Noranda's directors said the outlook for the rest of the year is now less promising than was previously thought.

With interest rates at "unprecedented levels," the economic recovery that had been anticipated for the second half now seems unlikely to occur, the company added. As a result, it is probable that earnings will continue to be affected by "very weak metal markets and the impact of unabated Canadian inflation rates on costs."

[illegible] major decline in the first ha[illegible] ne from Noranda's metals bu[illegible] ses, which produced earnings almost two-thirds lower than in the first half of 1980.

The company said that weak economic conditions and high interest rates depressed the prices of most metals to extremely low levels, and this gave rise to unsatisfactory earnings and the need to write down the value of stocks.

Manufacturing earnings during the first were 14 per cent lower than a year ago, as a strong performance by the Canada Wire and Cable subsidiary was more than offset by a substantial drop in earnings from aluminium operations.

Forest products earnings, apart from the profit on the sale of BCFP, were slightly higher than in the same period of 1980.

Minister calls for more co-operation

BUYERS AND sellers of Australia's mineral and energy resources were urged yesterday to exchange information on plans and commitments in order to facilitate infrastructure planning.

Mr Doug Anthony, Australia's Deputy Prime Minister and Minister for Trade and Resources, told the annual conference of the Australasian Institute of Mining and Metallurgy that lead times for the provision of infrastructure were long and the costs high, reports Patricia Newby in Canberra.

In the coal industry alone, he pointed out, infrastructure costs to the year 2000 had been estimated at A$6bn (£3.65bn) in 1980 dollars. By that time, the country's coal production would need to expand to 200m tonnes a year from the present capacity of 80m tonnes if forecast overseas demand is to be met.

But despite the massive estimates of future demand on the part of some countries, Mr Anthony said these were not matched by either financial commitments or long-term contracts. He accused buyers and sellers of circling one another, each waiting for the other to make the first move.

Turning to the development of Australian resources generally, he said he did not like the term "boom," with its implications of a "bust" to come.

The development now occurring in Australia will lift the economy permanently to a higher growth plateau, he said.

Hartogen finds more gas in Surat Basin

A COMMERCIAL gas discovery has been made by a consortium of companies, led by Hartogen Energy, in the Surat Basin of Queensland.

The gas find was made in the Royston No. 1 well, drilled 3.4 km southwest of the Beldene 1 gas well and has been classified as economically viable because of its close proximity to the Beldene gas field.

A drill stem test of the interval between 1,414 and 1,426 metres produced a gas flow of 239,600 cubic metres a day with a flowing pressure of 750 pounds per square inch.

Royston will be completed as a gas producer, and the first appraisal well to determine the extent of the Royston find will be drilled on completion of a three-well wildcat programme.

Hartogen has a 25 per cent interest in the licence area containing Royston 1, Genoa Oils holds 25 per cent.

PSA EARNS 10% STAKE IN BLINA OIL DISCOVERY

Petroleum Securities Australia (PSA) has finalised its acquisition of a 10 per cent interest in EP 129, the permit which contains the Blina 1 oil discovery, from Vamgas. PSA earned the interest by paying all Vamgas's costs to date and the latter's contribution for a further three wells on the permit. PSA's shares were relisted in Australia last Friday at a price of A$7.

£0.6m for Stroud Riley

COMPARED WITH a forecast of not less than £530,000, Stroud Riley Drummond, manufacturer of worsted suitings and knitted fabrics, has turned in taxable profits of £609,000 for the year ended March 31 1981, against a £62,000 loss last time. Turnover was up from £7.31m to £7.83m.

The dividend is boosted from 0.5p to 3p net per 25p share with a final of 2p, as forecast. Also proposed is a one-for-one scrip issue.

At halfway profits had increased to £237,000 (£115,000).

The directors say that Atomik Mohairs, which was purchased during the year, has been integrated into the group's structure and is progressing well. The Although the group failed to purchase Hield Bros., directors are still actively looking for suitable acquisitions.

Pre-tax figure was struck after interest of £117,000 (£150,000) and was subject to tax of £162,000 against £133,000. After extraordinary debits amounting to £30,000 (£108,000) the attributable balance came through at £417,000 (£302,000 loss).

Earnings per share are given as 12.4p, against losses of 5.88p—on a CCA basis pre-tax figure is reduced to £486,000 and earnings are shown as 8.35p.

● comment

Reorganisation at Stroud Riley Drummond is responsible for the recovery seen in these final figures. Stroud abandoned its spinning operations more than a year ago, and followed up by integrating its weaving enterprises on a single Bradford site. Pruning a managerial structure left over from Stroud's history as an accretion of family firms also helped to reduce expenses. In the current year there will be less to gain by cutting costs, but the letting of serviced offices on the Lumb Lane site will begin to generate revenue. Profit improvements must nevertheless come largely from increased sales; although the volume increase in 1980 must have been modest, there is now triple-shift working and order books are satisfactory. The shares rose 1p, to 79p, where they yield 5.6 per cent and trade on a fully taxed multiple of 9.7.

Concord Rotaflex returns to profit

WITH THE completion of its rationalisation programme, together with the introduction of major new product lines, Concord Rotaflex has swung back into profit in the six months to June 30 1981. The figures show profits of £780,000 against losses last time of £164,000. Sales fell from £13.88m to £12.6m.

The interim dividend is raised from 0.1p to 0.6p—no final was paid last year when the company incurred a loss of £1.24m.

Mr Michael Frye, the chairman, says the trading situation remains flat and he can see no evidence of an upturn this year. Unless there is a further deterioration in the economy, he expects results in the second half to be comparable to those in the first.

He says a substantial reduction in borrowings has been achieved. There has been an increase in the value of net assets which does not take account of the application for planning consent to redevelop the company's property at 241, City Road.

The company has negotiated a long-term credit facility through the Belgian Government, which will enable it to develop its European interests.

Tax for the six months is estimated at £129,000 (£24,000), leaving attributable profits of £651,000 against losses of £188,000. The interim dividend absorbs £66,000 (£11,000), leaving retained earnings £585,000 (£199,000 losses).

The principal activities of the group are the manufacture of electric light fittings and systems, and the manufacture of bathroom and shower appliances.

Concord Rotaflex has reached agreement to acquire Felden Tridonic, a subsidiary of Morison Ott. Felden, trading as BBI Lighting, operates in the UK as agents for a number of leading European lighting specialist companies.

The total consideration is £230,000 cash of which approximately £100,000 will be paid on completion, August 31, and the balance will be paid within 12 months of that date.

The net value of assets of Felden Tridonic to be acquired are assessed at £180,000, and net profit before tax in the last full accounting—year amounted to £75,000.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Meldrum Investment Trust.

Finals: Aero Needles, Astra Industrial, Dowty, Hogg Robinson.

FUTURE DATES

Interims—

Drake and Scull	July 23
Evode	Aug. 6
Vabtone	July 28

Finals—

Celestion Industries	July 23
Ingram (Harold)	July 24
Mailing Industries	July 31
Speer (J. W.)	July 30

Meggitt in the red at midway

DESPITE FURTHER "slimming down," Meggitt Holdings, machine tool distributor, slipped £276,308 into the red in the six months to April 30 1981. This compares with taxable profits of £90,194 for the corresponding period and £59,000 for the last full year.

The first half loss per 5p share amounted to 6.4p (2.7p earnings) and the interim dividend has been omitted. Last years total payment was 0.84p net.

Turnover slumped from £4.28m to £1.96m at halfway. There was no tax charge, compared with a £27,000 credit last time.

CHI declines to £0.7m year end: payout held

PRE-TAX PROFITS of C. H. Industrials, manufacturer of automotive and decorative trim, building products and synthetic foam, declined from £1.18m to £761,000 for the year to April 4 1981 on turnover £2.93m lower at £14.78m.

The directors say that the poor outlook expected at the interim stage materialised with substantial volume falls and consequent profitability reductions in the automotive trim and synthetic foam subsidiaries. The building products division, however, again achieved record results.

Mid-term profits were £135,000 (£505,000).

Although financing costs were affected by higher interest rates during the year the directors point out that the last quarter saw a sharp reduction in borrowings mainly because of the sale of the Tingewick Road factory development.

They say the group is continuing to trade profitably against a difficult industrial and economic background.

Stated earnings per 10p share fell from 7.84p to 4.79p but the net total dividend is being maintained at 3.42p with a same-again final of 1.5125p.

Turnover included £2.08m from Compra, a subsidiary which was sold in March this year, but excluded proceeds from the sale of properties of £2.07m.

Operating profit—down from £1.3m to £894,000—included a net profit of £661,000 from the sale of properties and losses by Compra of £222,000 estimated by the purchaser for the period to March 31 1981, but currently disputed by C.H.

The taxable surplus was struck after exceptional debits of £193,000 (£120,000), which included costs incurred in the restructuring of the building products division and redundancies within the automotive trim subsidiary.

Tax took £117,000 (£224,000) and after extraordinary debits of £269,000 (£60,000) and same-again dividend payments of £295,000, the retained balance emerged at £20,000 (£601,000).

Aston Martin Lagonda, 50 per cent-owned, became an associate with effect from January 1 1981 and the accounts of this company for the three months to year-end showed no material profit or loss.

No contribution was included in the results from either Slide-away Car Roofs or the 50 per cent interest in Audmore Properties as these were acquired after the year end.

● comment

The past year has seen the virtual collapse of the old Coventry Hood business of making sports car tops on which CH Industrials was built. M-G closed last September and BL is winding up production of TR-7s this year. Profits from the motor side of CH's foam and trim divisions all but disappeared after approximately £1m in the previous year. The group has sold its loss-making Compra decorative trim subsidiary, scaled down the hood business to meet the remaining demand for replacements and diversified into property and building chemicals. The building products division has showed some improvement in the past year despite the costs of rationalising the loss-making decorative paints side, but the group's overall profits were sustained mainly by the proceeds from abnormally large property sales. The trading outlook for the current year seems not much brighter than last year but the group's financial position has been strengthened by the property sales and the release of working capital from the much-reduced trim division. At 29½p the shares yield 12 per cent.

Revenue drop for Investors Capital midway

Revenue of Investors Capital Trust, investment trust, fell from £1.1m to £844,873 for the half year to May 31 1981 after tax of £635,681, compared with £736,549, expenses of £164,024, against £145,689, and interest on debenture and loan debt £158,315 higher at £438,186.

Stated earnings per 25p share were down from 1.72p to 1.31p, but the interim dividend is held at 1.5p net—last year a total of 3.05p was paid from net revenue of £2.2m.

Mr C. F. Sleigh, the chairman, says the figures for the half year do not give an accurate indication of the likely outcome for the full year. He says it is normal for the first half to bring in well under half the year's revenue and points out that 1980's first half was untypically inflated by short-term deposit income.

For the full year he estimates revenue will fall short of the previous year's but confidently expects to be able to maintain the total distribution.

At May 31 1981 net assets including investments at market value were £115.79m (£78.36m)—equal to 159.8p (105.5p) per share.

A cautious view taken by Mercury Securities

THE FUTURE at Mercury Securities must be viewed with much concern, Lord Roll of Ipsden, chairman, says in his annual statement.

Any improvement in the economy and world trade is uncertain, therefore strict financial prudence and staff development remain of the highest importance. Given also the great structural changes which are taking place in industry and finance throughout the world, the bank must continue to provide imaginative new ideas in the services to its customers, he states.

As reported on July 7, attributable profits for the year to March 31 1981 improved from £11.61m to £12.31m after providing for tax, diminution in value of assets and a transfer to inner reserves by S. G. Warburg, the company's merchant banking subsidiary.

At March 31 current assets stood at £1bn (£887.53m), including balances with banks and money at call of £125.97m (£52.24m) and money at short notice of £217.22m (£163.85m). Current liabilities of £1.02bn (£877.27m) included current deposit and other accounts of banking companies including inner reserves of £884.99m (£732.26m).

Meeting, 30, Gresham Street, EC, on August 12 at noon.

BIDS AND DEALS

News International drops Collins' bid

NEWS INTERNATIONAL has abandoned its £25m takeover bid for William Collins, the Glasgow-based publisher, after receiving a minimal number of acceptances and following talks with the Collins board over the weekend.

News said that following talks with Collins "and to avoid encouraging a belief that News might be intending a higher offer," it has decided not to extend the bid and it has now been allowed to lapse.

Acceptances of the 225p offer for the ordinary voting shares totalled 0.94 per cent and of the 163p for the "A" non-voting shares 9.02 per cent. On the London Stock Exchange yesterday the ordinary shares fell by 7p to 223p and the "A" by 12p to 148p.

News is now left with a strategic stake of 42.3 per cent of the voting shares and Collins plans to invite two News nominated directors to join the board.

News acquired its original 30 per cent stake from Mr Jan Collins, the former chairman, and certain other members of the Collins' family just prior to the full bid on May 13. More recently the holding was further increased by the purchase of a 9.4 per cent stake from Mr Robert Maxwell's Pergamon Press, who had been tipped as a rival bidder.

News said that its first acquisition of shares was solicited by the members of the Collins family and "although it was obliged to bid for the whole of Collins share capital, was always prepared if unsuccessful to be satisfied with a substantial minority holding."

News said it looks forward to an "harmonious relationship between the two companies."

A number of names have already been suggested as possible News nominees on the Collins' board and they have all been acceptable to Collins. They plan to meet the Collins board before a decision is taken. It has not been ruled out that Mr Rupert Murdoch himself might join the board.

The bid battle was not acrimonious, Collins always stressing that it was for independence rather than against News International. Mr Burdoch is expected back in Britain in September when Collins plans to have a meeting with him and the suggested appointees to the Collins board.

Lex, Back Page

Ghafar Baba completes Dunlop share shuffle

A MAJOR transfer of shares in **Dunlop Holdings** among the business interests of Malaysian politician and businessman Mr Ghafar Baba has been completed.

Pegi Malaysia and its subsidiary Climate Engineering (Malaya) have informed the UK tyre and industrial concern, that they now hold some 17 per cent (24m shares) in the group, following the purchase of about 21m shares from their parent Goodyield Plaza.

The share transfer was completed on July 14 following approval by the Malaysian Capital Issues Committee in May. The Foreign Investment Committee cleared the deal in March.

Dunlop shares closed 2p lower at 72p in London yesterday. The CIC had lowered the approval price at which Pegi could obtain the holding by 50 Malaysian cents to 3.50 ringgit (72p) per share, putting a value of the transfer at 74.2m ringgit (£15.3m) to be met in Pegi shares.

The transfer of the Dunlop shares to Pegi was understood to be one of the conditions under which the re-listing of the Pegi shares was granted—Pegi shares had been suspendedfor two years in Kuala Lumpur under stock exchange rules against listing of a cash shell company which it was in 1979. Dealings in Pegi resumed last month.

Dunlop has estimated that up to 28 per cent of its shares are in Far Eastern hands, including the stake held by Pegi. A Department of Trade investigation was unable to identify the other shareholders.

Ruberoid acquires 40% of Catalin and bids for rest

Ruberoid, the building products, specialist sub-contracting, paper and plastics group, has emerged as the bidder for Catalin, the industrial resins and resin treated paper manufacturer. However, the board of Catalin has advised shareholders "to take no action" regarding the offer, which values the group at £1.19m.

In a single deal, Ruberoid succeeded in mopping up over 40 per cent of Catalin's equity. It has agreed to purchase 684,930 ordinary shares (40.25 per cent) from Wix International Corporation of the U.S. for which it is paying 70p per share cash.

It is making the same offer for the rest of the Catalin equity.

The offer is conditional on Ruberoid receiving acceptances which will give it more than 50 per cent of the voting rights.

Major shareholders in Catalin, according to the accounts for the year ending December 31 1980, were E. F. Robbins (U.S.) 8 per cent and Jove Investment Trust 9 per cent. The directors of the company controlled 2.66 per cent.

The board of Ruberoid and its financial advisers, Samuel Montagu and Co. are seeking discussions with Catalin directors with a view to obtaining their recommendation of the offer.

Wearwell property sale

Wearwell, the clothing manufacturer and wholesaler run by Mr Asil Nadir, has agreed to sell an uncompleted property development to its bankers, Barclays Bank.

The deal, which is subject to shareholders approval, values the site at 81-91, Commercial Road on the outskirts of the City at £4.37m.

The price has been based on an estimated cost of completion works, yet to be done, of £2.742m. If the cost is greater than that sum the difference will be paid by Wearwell.

In contrast, if the cost is less, then Barclays Bank will reimburse Wearwell the difference.

Wearwell reported more than doubled pre-tax profits for the six months to October 31 1980. On sales of £6.52m pre-tax profits were £1.3m, against £624,000 last time.

Shareholders were told that the second half had started in an encouraging way and sales were rising. At the same time, the company announced plans to change its year-end and said results for the period from November 1 1980 to May 1 1980 would be released this month.

Electronic Rentals £3m acquisitions

TWO DEALS worth virtually £3m are announced by the Electronic Rentals Group, the rental, camping and leisure, and property concern.

ERG has entered into a conditional contract to acquire for about £2.23m 49.9 per cent of Visionhire Holdings (VHL), a television rental company in New Zealand, and has agreed to purchase the TV and video rental assets of the Rentacolor International Group, located in Los Angeles and San Francisco, for some £743,000.

VHL, formerly Transvision Rentals, has a total of 35,000 colour and 4,500 monochrome TV receivers on domestic rental, and the consideration, payable on completion on July 31, is to be discharged by the issue of 2.2m ERG shares.

The 50.1 per cent balance is being issued to the New Zealand public and institutional investors by CBA Finance Holdings.

VHL's profit forecast for the eight months to March 31 1982 is £698,000 pre-tax, on a turnover of £3.68m. Net asset value as at July 31, is projected at £2.23m.

Assets of the Rentacolor deal consist mainly of 3,400 colour TV receivers on domestic rental.

The consideration, payable on completion at July 20, is an issue of 733,773 ERG shares.

Tootal sale and leaseback

Crest International Securities has exchanged contracts for the acquisition of 56 Oxford Street, Manchester, from Tootal at a price of £2.05m. The sale is subject to a lease back in favour of Tootal for five years at a rental of £400,000 per annum.

It is intended that the purchase price will be satisfied partly by the issue of Tootal of approx. £750,000 worth of Crest shares. These will be placed on behalf of Tootal with investment clients of Henry Cooke, Lunsden and Co., Brokers to Crest. The balance of the consideration due in excess of the amount realised from the placing of the shares will be satisfied in cash from Crest's own resources.

OVER 18p PAID FOR BRAHAM MILLAR SHARES

Fieldwood, a private company, paid just over 18p each for the 1,886,400 shares (14.9 per cent) in Braham Millar, the loss-making mechanical engineering group.

Fieldwood, which acquired the shares last Thursday, has two directors—Mr Bert Macarthy, who controls with his partner a company called Consumer Microcircuits involved in the manufgacture of microchips for the defence industry; and Mr Mearing Smith, formerly with Barclays Bank.

COSALT TAKES INTEREST IN CARAVAN PARK

The caravan division of Cosalt has acquired for £287,000 a 52 per cent interest in a company to be named Cosalt Halson Leasure of which Beacon Fell View Caravan Park is a wholly owned subsidiary.

Beacon Fell View is situated in the Ribble Valley, Lancashire, and has 550 sites, 450 for static caravans and 100 for tourers.

This investment by Cosalt, its first in a caravan park, is a development of its declared policy to increase its involvement in the caravan industry.

TURNER & NEWALL

Turner and Newall has concluded an agreement to sell all the shares of its Italian filter manufacturing subsidiary, Coopers FIAAM SpA, to an Italian manufacturing group at a price of L5.4bn (approx. £2.3m).

Structural changes in the automotive filter industry in Italy made it commercially desirable to sell FIAAM.

The business of Coopers Filters in the UK will not be affected by this disposal, and trading relationships with the Italian filter company, which will cease to use the name Coopers, will continue.

IN BRIEF

RTD GROUP—Results for year ended February 28 1981 already known. Group fixed assets £209,526 (£253,709). Net current assets £410,376 (£572,342). Decrease in cash funds £23,070 net (£202,536). Meeting, Dublin, August 7.

CAMBRIDGE PETROLEUM ROYALTIES (oil and gas)—Results for 1980 already known. Shareholders' funds £3.66m (£2.54m), net current assets £1.87m (£951,839), fixed assets £14,857 (£7,577). Net liquid funds increased by £1.09m (£335,839)

MOORGATE MERCANTILE HOLDINGS (credit finance, leasing)—Results for year ended March 31 1981 reported June 24. Fixed assets £648,019 (£590,449), investment (listed) £274,602 (£212,574), net current assets £2.02m (£1.48m), shareholders' funds £2.73m (£2.05m). Meeting, Chartered Accountants' Hall, EC, August 11, noon.

LEDA INVESTMENT TRUST—Interim 1.47p (same) per income share. Group revenue for first half of 1981 £198,572 (£184,873), including subsidiary's profit on dealing £19,004 (£15,463). Tax £52,446 (£40,786). Net revenue £108,618 (£104,058). Earnings per share 2.18p (2.09p). Net asset value per capital share 83.6p (64.8p).

SHEFFIELD REFRESHMENT HOUSES (hotelier, restaurateur and banqueting specialist)—Pre-tax profits for year to March 31, 1981, £211,689 (£250,683) after depreciation of £95,469 (£2,400) and interest of £65,620 (£24,444); turnover, £1.66m (£1.42m); tax, £123,813 (£129,796). Attributable profit, £60,426 (£120,892) after extraordinary debits of £18,450 (nil). Final dividend 1.7p (1.62p) for a net total of 2.4p (2.32p). Earnings per 25p share 4.92p (6.77p).

BROWN AND TAWSE (steel stockholder and engineer)—Results for year to March 31, 1981 reported on June 30. Shareholders' funds, £28.4m (£19.64m); current assets, £25.1m (£37.25m) including debtors, £10.3m (£16.36m), net current assets, £15.19m (£14.64m). Historical pre-tax profits of £1.57m (£4.16m) reduced to £993,000 on a CCA basis. Meeting, Dundee, August 12, at noon.

G. F. LOVELL (confectionery manufacturer controlled by Fenton Hill Group). Turnover for half year to May 2, 1981 £2.45m (£2.42m), net profit £7,000 (£42,000) after tax £8,000 (£45,000). Stated earnings per 25p share 0.671p (4.289p). No interim (3p).

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	—	—	22	44	—	—	$413
GOLD C	$425	10	13	18	33	—	—	"
GOLD C	$450	20	6	2	22	5	32	"
GOLD C	$475	3	2	—	—	—	—	"
GOLD C	$500	—	—	10	6	—	—	"
GOLD P	$400	1	9.50	2	15 B	1	19.50	"
GOLD P	$425	—	—	2	25	—	—	"
GOLD P	$475	—	—	—	—	2	60 B	"
		Oct.		Jan.		April		
ABN C	F.300	11	12.50	—	—	—	—	F.301.50
AKZO C	F.20	20	5.50	—	—	—	—	F.24.70
AKZO C	F.22.50	—	—	17	4.50	—	—	"
AKZO C	F.25	28	1.60	10	2.80	—	—	"
AKZO C	F.27.50	67	0.90	55	140A	10	2	"
AKZO C	F.22.50	—	—	—	—	10	0.80	"
KODA C	$70	6	5⅝	—	—	—	—	$72
KODA C	$80	—	—	6	3⅛	—	—	
HEIN C	F.50	32	2.60	—	—	—	—	F.46.80
HEIN C	F.55	16	1.50	11	2	—	—	"
HEIN P	F.50	27	4	—	—	—	—	"
HOOG C	F.20	—	—	7	240	—	—	F.18
HOOG C	F.22.50	42	0.80	9	130	—	—	"
HOOG P	F.17.50	—	—	50	1	—	—	"
IBM P	$60	—	—	10	1	—	—	$56⅛
KLM C	F.100	76	8.80	—	—	—	—	F.95.50
KLM C	F.110	35	6	—	—	—	—	"
KLM C	F.120	48	4	—	—	—	—	"
KLM C	F.130	43	2.20	—	—	—	—	"
KLM C	F.140	26	1.70	15	4	—	—	"
KLM C	F.150	140	0.90	7	2.40 A	—	—	"
KLM P	F.65	75	1.20	—	—	—	—	"
KLM P	F.70	11	2	—	—	—	—	"
KLM P	F.80	41	3.80	—	—	—	—	"
KLM P	F.90	44	6.80	—	—	—	—	"
KLM P	F.100	65	11	—	—	—	—	"
KLM P	F.110	51	17.50 B	—	—	30	17	"
NEDL C	F.130	—	—	—	—	10	15.50	F.134.70
NEDL C	F.140	43	4.50	47	6.10	16	9	"
PHIL C	F.17.15	6	7.70	—	—	—	—	F.21.90
PHIL C	F.20	14	3.50	—	—	—	—	"
PHIL C	F.22.50	224	1.60	54	2.50	17	3	"
PHIL C	F.25	265	0.80	26	1.80	36	2.50	"
PHIL C	F.27.50	564	0.40	175	0.80	—	—	"
PHIL P	F.22.50	205	1.40	10	1.80 B	—	—	"
PHIL P	F.25	—	—	30	3.40 B	—	—	"
PHIL P	F.27.50	304	5.50	—	—	—	—	"
RD C	F.80	40	11	30	13	—	—	F.88.10
RD C	F.90	76	4.80 A	—	—	—	—	"
RD C	F.100	159	1.50	12	3.20 A	20	4.80	"
RD P	F.80	149	3	28	4.50	—	—	"
RD P	F.90	79	7.10 B	35	8.50	—	—	"
UNIL C	F.150	6	4	—	—	—	—	F.145.60
UNIL C	F.160	60	1.50	—	—	—	—	"
UNIL P	F.130	80	0.50	—	—	—	—	"
UNIL P	F.135	110	1 A	—	—	—	—	"
		Aug.		Nov.		Feb.		
SIEM C	DM.280	—	—	—	—	30	3	DM.[illegible]
TOTAL VOLUME IN CONTRACTS				4181				

A=Asked B=Bid C=Call P=Put

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West German banks again limit DM bond issues

BY OUR EUROMARKETS STAFF

WEST GERMAN banks agreed yesterday to issue only one new foreign bond during next month, the third month in a row that the calendar has been limited to one issue.

This month the sole borrower is to be the World Bank, which is expected to launch a DM 200m ($83m), 10-year 10½ per cent bond through Deutsche Bank within the next few days.

The German Capital Markets Sub-Committee, which regulates informally the flow of new issues to the market, did however agree to continue to allow other borrowers to arrange bonds on an ad hoc basis, if market conditions permit, between now and its next meeting on August 24. In June two extra issues were in fact arranged on such a basis after the Committee meeting.

But the German bond market continues to face difficulties in finding good quality names prepared to issue bonds at current coupon levels. It is thought to be this, as well as the market's continued fragility, which has led to such a restrictive calendar.

Last month's issue for Renault, the French car manufacturer, carried a coupon of 10¾ per cent, slightly above the level now expected for the World Bank.

This confirms the fractional decline in secondary market yields that has taken place over the past month. Bonds slipped slightly yesterday in very quiet trading as dealers digested news of a sharp increase in the latest U.S. money supply.

Price falls in the fixed rate Eurodollar bond market were altogether sharper, particularly in the afternoon as bond prices fell strongly on the U.S. domestic market in New York.

Dealers said that there was virtually no retail selling, but traders marked bonds down by as much as one point in some cases as the trend in New York became clear.

With this development a rumoured fixed rate issue for a Canadian bank failed to materialise, and the $50m, seven-year bond for Arizona Public Services was priced with a coupon of 16¼ per cent and issue price 98½ by Credit Suisse First Boston. Indicated terms had alowed for a yield of 16 per cent.

The Israeli Bank Hapoalim is raising $50m through a five-year floating rate note with a margin of ¼ per cent over London Eurodollar rates and minimum coupon of 5¼ per cent. N. M. Rothschild is running the books.

Solvay the Belgian chemical concern, is raising LuxFr 250m ($62.5m) through a 14 per cent, six-year issue led by Banque Generale du Luxembourg. Issue prices will be set on Wednesday.

Swiss franc foreign bond prices eased yesterday in line with the trend on other international markets.

$200m credit for Gaz de France

By Peter Montagnon, Euromarkets Correspondent

GAZ DE FRANCE is raising a $200m, 10-year standby credit in the Euromarkets through a small group of banks led by Credit Lyonnais. The operation carries an average margin of about 0.4 per cent, similar to those normally applied to French state borrowings.

The structure of the Gaz de France credit, however, is unusual in that the margins over London interbank rates decline during the life of the credit. They start at 0.45 per cent for the first four years, fall to 0.35 per cent for the next four, and finally to 0.25 per cent for the remaining two years of the credit's life.

There is a commitment fee of ⅛ per cent.

The credit will be repaid in instalments during the final three years of its life, which means that the exiguous 0.25 per cent margin will never be applied to the full amount of $200m.

The structure of the credit also differs substantially from the two most recent French operations for Credit National and Caisse Nationale des Telecommunications.

The former had an 0.25 per cent margin at the start of its life but was accompanied by a lucrative tranche denominated in European currency units (ECUs) and the latter was a standby credit in which the margins increased as more funds were drawn.

Gulf Oil financing

Gulf Oil is raising two credits totalling $6bn, Reuter reports from Pittsburgh. It has arranged a $1bn credit to cover current financial requirements and is arranging a $5bn standby credit.

Both facilities are lead-managed by National Westminster Bank and Bankers Trust.

Earnings surge at three oil industry suppliers

BY LACHLAN DRUMMOND IN NEW YORK

THREE LEADING suppliers of equipment to the U.S. oil and gas exploration industry — Armco, Northwest Industries and Hughes Tool—have reaped the benefit of the upsurge in drilling activity in the U.S.

Armco, which has been able to offset the effects of recession on its basic steelmaking operations, tubing and well control and production systems businesses, pushed up second quarter net earnings from $59.8m to $85.5m on sales ahead from $1.37bn to $1.73bn. Earnings per share advanced from $1.07m to $1.49.

The company has already seen its forecast of drill rig usage of 3,500 for the current year forecast of 325m ft of wells drilled (compared with 289m ft in 1979) will also be topped by the end of the year, pointing to good growth in the supply of tubing.

For the first half Armco's net earnings totalled $154.5m compared with $127.9m, or $2.69 a share against $2.30. Sales came to $3.37bn against $2.73bn.

Northwest Industries, a diversified industrial group which through its Lone Star Steel is one of the three largest suppliers of casing and tubing for the oil exploration industry, more than doubled its net profits for the quarter, from $31.6m to $67.1m on sales ahead from $684.5m to $926.9m, giving it a six-month earnings total of $118.7m against $62.1m last time. Per share earnings for the half year were $3.85 compared with $2 in 1980, with the second quarter chipping in $2.18 against $1.02. The company expects profits for all of 1981 to exceed $8 a share, compared with $5.03 a share

Hughes Tool, the largest manufacturer of drill bits, also doubled its profits in the three months to June 29, to $62.9m against $30.6m last time. Sales for the period were $151.5m higher at $438.2m. The company said the results reflected the high level of drilling activity and improved margins on both drilling tools and equipment and production tools and services.

For the six months net earnings were $115.6m against $54.6m, on sales $302m higher at $827.8m. Earnings per share totalled $2.08 compared with $1.13 — after including profits of $1.13 for the second quarter against 61 cents last time.

● Armco meanwhile has won approval of the board of Ladish, manufacturer of Forgings, pumps and tools for an improved all-share offer with a maximum value of $286m. The revised offer tops its earlier proposals by $65m, and follows a cash-and-share counter offer worth $270m from ACF Industries. Armco has commitments from shareholders representing 53 per cent of the capital

Penn Central in merger talks

By David Lascelles in New York

PENN CENTRAL, the re-born railroad company which is forging a new existence for itself as an industrial concern, said yesterday that it was discussing a possible merger with Colt Industries, a diversified manufacturer based in New York.

The announcement said nothing about the terms of the proposed deal. However, Colt has a market capitalisation of about $800m.

The directors of both companies will be meeting tomorrow to consider the merger and Penn Central said yesterday that more details would be available then. Trading in both companies' shares will be suspended until then.

Penn Central has been on the acquisition trail in a big way since it re-emerged as a viable concern two years ago. Aided by large tax loss carry-forwards and a generous settlement from the U.S. Government over its bankruptcy, it has acquired several large concerns in the energy and heavy industrial sectors.

Colt Industries serves the car, chemical, aerospace, transport, construction energy and defence markets with products that include steel, components, and capital goods. It had sales last year of $2.2bn and earnings of $98m.

Penn Central, which is also based in New York, recently announced the establishment of a $600m eight-year bank credit which Mr Richard Dicker, its chairman, said would be used for further acquisitions.

Earlier this year, Penn completed the purchase for $730m of GK Technologies, the largest manufacturer of electric cable in the U.S. It also owns Marathon Manufacturing, a major oil rig maker.

EBC launches U.S.-style fund

BY WILLIAM HALL, BANKING CORRESPONDENT

ONE OF the first U.S.-style money market funds aimed at small investors in the offshore Eurocurrency markets is being launched by European Banking Company (EBC). The minimum investment is $1,000, and EBC, which acts as investment advisers, hopes to attract between $15m and $20m before the end of the year.

Two short-term units are being grafted on to the existing Jersey-based International Income Fund (IIF) which was established in 1965 and has funds of $8m. EBC has been associated with the fund since 1973, as administrative agent.

Following the amendment of the IIF trust deed, investors can now choose between a unit exclusively invested in U.S. dollars (the short term "A" unit) and one in which the investments are denominated in a variety of different currencies chosen from the currencies making up the special drawing rights (SDRs), the International Monetary Fund's paper currency unit, plus the Swiss franc (the short term "B" unit). In addition, investors can continue to invest in the original longer-term unit.

According to EBC, the short-term units are designed to combine high income and maximum liquidity with preservation of capital. The maturity of the investments is limited to periods of no more than 12 months. Unitholders can choose to receive their income semi-annually or allow it to accumulate.

As a rough guide, EBC estimates that an investor in the "A" units would get a net return of 18 per cent at current rates and 14 per cent in the "B" units.

Midland Bank Trust Company (Channel Islands) is the trustee to the short term units and they will start trading on August 3. The units have been authorised for distribution in registered form to Jersey residents and have been placed on the official list in Luxembourg.

Transamerica has sharp second quarter reverse

BY OUR NEW YORK STAFF

THE FINAL ACT of the film, Heaven's Gate, was played out in the second quarter results of Transamerica Corporation, where net profits were almost halved from $66.04m to $34.68m.

Transamerica, which is selling its United Artists (UA) subsidiary responsible for the film to Metro-Goldwyn-Mayer Film Company for $380m, said yesterday its profits for the quarter included a loss of $18.85m from discontinued operations. This reflects the $29m provision for losses made at UA which came after a $15m provision in the final quarter of 1980. Heaven's Gate cost $36.5m and although the film was recut and relaunched after its disastrous opening last November, it is still not expected to generate anything near the $100m in revenues necessary to put the Michael Cimino-directed picture into the black for UA.

After stripping out the UA operations and gains from investment transactions and foreign currency exchanges, earnings at Transamerica were slightly down for the quarter at $51.76m from $53.06m in the corresponding period of 1980.

For the half-year, final net profits were down from $123.09m to $92.21m or from $1.89 a share to $1.42 a share after a second quarter contribution of 54 cents compared with $1.02 a share.

Strong gains for chemicals groups

By Paul Betts in New York

UNION CARBIDE and American Cyanamid, two major U.S. chemicals groups have each achieved second quarter earnings increases of 29 per cent.

Union Carbide's second quarter earnings totalled $193.4m or $2.86 a share, against $2.25 a share for the same quarter last year. Sales were up 13 per cent to $2.67bn.

Sales for the half-year increased 8 per cent to $5.31bn.

American Cyanamid's second quarter earnings totalled $42.2m or 88 cents a share, compared with $32.6m or 68 cents a share in the corresponding 1980 period. Sales were up 7.5 per cent to $900m from $837m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday August 13.

Closing prices on July 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	97⅞	98⅜	−0¼	−1	15.73
Amoco 13¾ 88	75	91⅞	92⅜	−0⅜	−1⅛	16.25
CIBC 14½ 84	185	96⅞	97⅜	−0⅜	−0⅝	15.79
CIBC 15⅝ 86	75	99⅜	99⅞	−0¼	−0⅜	15.35
CNA 15⅝ 96	75	96⅛	96⅝	−0⅜	−1	15.88
CNE 12¾ 91	100	87	87½	−0½	−0⅞	15.33
Citicorp O/S 12 87	200	88¼	88⅝	−0⅝	−0½	14.92
Citicorp O/S 15½ 84	175	99⅞	100⅜	−0¼	−0⅜	15.40
Dupont Canada 13½ 91	65	92¾	93¼	−0⅜	−0⅝	14.87
EIB 12¾ 89	75	87⅜	87⅞	−0¼	−0⅜	15.57
Eldorado 13¾ 86	50	92⅛	92⅝	−0⅜	−0⅝	16.61
Elec. de France 13 88	125	90⅝	91⅛	−0¼	−0½	15.25
Export Dv. Cpn. 9½ 85	150	80¼	80¾	−1⅛	−1⅜	15.84
Fed. Bs. D. 12¾ 85 (N)	50	90½	91	−0⅜	−0⅜	15.27
Fed. Bs. D. 15⅝ 84 (J)	40	100⅝	101	−0⅛	−0⅜	15.37
Fin. Exp. Credit 10½ 85	50	84⅜	84⅞	−0¼	−0⅜	15.04
Finland, Rep. of 9½ 88	100	79¾	80¼	−0½	−0¼	15.84
Ford Cr. O/S Fin. 16 84	150	99⅞	100½	−0⅛	−0½	15.79
Ford Cr. O/S Fin. 16 85	150	97½	98	−0⅛	−0½	16.80
Gaz de France 13½ 86	80	93⅝	94⅛	−0⅜	−0⅝	15.41
GMAC O/S Fin. 12⅞ 88	100	89⅝	90⅛	−0¼	−1⅛	15.38
GMAC O/S Fin. 14⅝ 87	100	96¼	96¾	−0½	−1	15.88
Gen. Mts. O/S 11¾ 87	100	86¾	88⅜	−0⅜	−0⅞	15.21
Genstar 14¾ 91	50	97½	98	−0⅜	−0¼	15.17
GTE Fin. 13¾ 86 (WW)	50	95¾	96¼	−0⅞	−1⅜	14.96
Hiram Walker 16 86	50	101⅜	102¼	−0⅜	−0⅝	15.35
IBM Wld. Trade 12½ 88	200	93⅜	94¼	−0⅝	−1⅛	13.91
IBM Wld. Trade 14⅝ 84	100	100⅜	100⅞	−0½	−0⅜	14.43
Nat. Bk. Canada 15⅝ 84	40	98¼	98¾	−0⅝	−0½	15.89
Newfoundland 13½ 90	60	90⅞	91⅜	−0⅜	−1⅛	15.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	†85½	87	−0⅛	−0½	11.30
SOFTE 8¾ 89 EUA	40	†85½	87	−0⅜	−1⅛	10.96
U. Bk. Nwy. 9½ 90 EUA	18	†92¾	94	−0¼	−1⅛	10.74
Algemene Bk. 10¾ 86 Fl	60	95½	95¾	+0¼	+0⅜	11.52
Amro Bank 12 86 Fl	75	101⅜	101⅞	+0½	+1⅜	11.54
Heineken NV 10 87 Fl	100	95¼	95¾	−0⅜	+1⅜	11.07
Nat. Nedrlndn. 10 88 Fl	60	95⅞	96¼	−0¼	+0⅝	10.83
Ned. Midd. Bk. 10 85 Fl	75	94⅜	95⅛	+0⅛	+0⅜	11.60
Pierson 10¾ 88 Fl	50	94	94½	0	+0¼	11.90
Rabobank 12 86 Fl	50	101⅜	101¾	+0¼	+1⅛	11.57
Air France 14½ 86 FFr	200	92	93	−0½	−0¼	16.85
Bk. America 14½ 86 FFr	250	90½	91⅜	−0¼	−0¼	17.49
Charb'nages 13⅞ 85 FFr	400	89½	90⅜	−0⅛	−0⅜	17.34
EIB 14⅛ 88 FFr	300	87⅜	88⅛	−0¼	−0¼	17.38
La Redoute 14⅜ 85 FFr	125	86⅜	87⅜	−0⅜	+0⅜	18.90
OKB 14 86 FFr	400	90⅝	91⅝	−0⅛	−1⅛	16.85
Solvay et C. 14¾ 86 FFr	200	95½	96½	0	+0⅛	15.95
Swed. E. Cr. 14⅝ 86 FFr	250	87½	88½	−0⅜	−0½	18.58
U. Max. Sts. 14 85 FFr	150	89⅜	90¼	−0⅜	−0⅜	17.84
Acona 14 85 £	20	93	94	+0⅛	0	16.10
Beneficial 14⅜ 90 £	20	85	85¾	−0⅛	−0⅛	17.47
BNP 13½ 91 £	15	87	88	0	+0⅛	16.10
CECA 13½ 88 £	20	88½	89¼	0	0	16.16
Citicorp O/S 13½ 90 £	50	92⅞	93⅝	+0⅛	−0⅛	14.90
Fin. Ex. Cred. 13⅜ 86 £	15	91⅜	92½	−0⅛	−0½	16.33
Gen. Elec. Co. 12½ 89 £	50	86⅛	86⅞	0	−0⅜	15.59
Hiram Walker 14⅛ 86 £	25	93⅜	94⅛	−0¼	0	16.17
Privatbanken 14½ 88 £	12	90⅛	91⅜	−0⅛	−0⅛	16.81
Rothschild 14⅜ 90 £	12	93	93¾	−0¼	−0⅝	15.65
Royal Trustco 14 86 £	12	93⅜	94	+0⅛	0	15.98
Swed. Ex. Cr. 13⅜ 86 £	20	92¼	92⅞	+0⅛	+0½	16.09
Akzo 9½ 87 LuxFr	500	90	91	+0⅜	+0⅞	11.43
Euratom 9¾ 88 LuxFr	500	82⅜	83⅜	−1⅛	−1⅜	13.89
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

AMERICAN QUARTERLIES

AMERICAN HOME PRODUCTS	1981	1980
Second quarter	$	$
Revenue	1bn	924.9m
Net profits	111m	100.3m
Net per share	0.71	0.64
Six months		
Revenue	2.15bn	1.94bn
Net profits	238.5m	213.8m
Net per share	1.52	1.36

BLACK AND DECKER	1980-81	1979-80
Third quarter	$	$
Revenue	331.8m	332.1m
Net profits	21.2m	17m
Net per share	0.50	0.41
Nine months		
Revenue	1.12bn	1.11bn
Net profits	65m	70.5m
Net per share	1.54	1.68

BUCYRUS-ERIE	1981	1980
Second quarter	$	$
Revenue	117.1m	129.8m
Net profits	16.6m	13.4m
Net per share	0.81	0.66
Six months		
Revenue	220.2m	273.7m
Net profits	24.9m	28.1m
Net per share	1.22	1.38

BURLINGTON INDUSTRIES	1980-81	1979-80
Third quarter	$	$
Revenue	858.4m	741.4m
Net profits	35.08m	28.33m
Net per share	1.25	1.01
Nine months		
Revenue	2.39bn	2.18bn
Net profits	80.14m	73.59m
Net per share	2.85	2.62

CENTRAL & SOUTH WEST	1981	1980
Second quarter	$	$
Net profits	33.58m	28.78m
Net per share	0.42	0.40
Six months		
Net profits	69.67m	62.17m
Net per share	0.87	0.86

CLUETT, PEABODY	1981	1980
Second quarter	$	$
Revenue	185.8m	167.7m
Net profits	3.29m	2.4m
Net per share	0.33	0.23
Six months		
Revenue	366.6m	333.2m
Net profits	7.87m	6.34m
Net per share	0.80	0.63

COMMUNICATIONS SATELLITE	1981	1980
Second quarter	$	$
Revenue	81.6m	72.2m
Net profits	6.1m	9.2m
Net per share	0.77	1.14
Six months		
Revenue	159.5m	142.2m
Net profits	26.2m	19m
Net per share	3.28	2.38

CONTINENTAL CORPORATION	1981	1980
Second quarter	$	$
Net profits	27.5m	56.1m
Net per share	0.54	1.09
Six months		
Net profits	87.1m	109m
Net per share	1.67	2.25

CONTINENTAL ILLINOIS	1981	1980
Second quarter	$	$
Net profits	58m	65.6m
Net per share	1.47	1.67
Six months		
Net profits	120.2m	113.3m
Net per share	3.04	2.88

EMHART	1981	1980
Second quarter	$	$
Revenue	442.8m	457.8m
Net profits	17m	20.8m
Net per share	1.40	1.71
Six months		
Revenue	878.4m	906.5m
Net profits	21.4m	40.4m
Net per share	1.76	3.32

EVANS PRODUCTS	1981	1980
Second quarter	$	$
Revenue	445.4m	388.8m
Net profits	10.36m	13.52m
Net per share	0.74	1.00
Six months		
Revenue	761.1m	713.1m
Net profits	1.55m	14.18m
Net per share	†0.07	0.95

† Loss.

GAF	1981	1980
Second quarter	$	$
Revenue	174.1m	159.8m
Net profits	4.31m	1.48m
Net per share	0.25	0.04
Six months		
Revenue	350.8m	321.8m
Net profits	7.42m	8.03m
Net per share	0.41	0.46

GEORGIA-PACIFIC	1981	1980
Second quarter	$	$
Revenue	1.44bn	1.19bn
Net profits	55m	55m
Net per share	0.52	0.53
Six months		
Revenue	2.79bn	2.42bn
Net profits	107m	105m
Net per share	1.01	1.01

GILLETTE	1981	1980
Second quarter	$	$
Revenue	583.2m	570.5m
Net profits	23.26m	33.68m
Net per share	0.77	1.12
Six months		
Revenue	1.17bn	1.12bn
Net profits	55.48m	70.34m
Net per share	1.84	2.33

W. R. GRACE	1981	1980
Second quarter	$	$
Revenue	1.7bn	1.5bn
Net profits	99.4m	84.1m
Net per share	2.08	1.79
Six months		
Revenue	3.18bn	2.93bn
Net profits	182.5m	150.3m
Net per share	3.83	3.20

IDEAL BASIC	1981	1980
Second quarter	$	$
Revenue	131.8m	121m
Net profits	12.2m	18.6m
Net per share	0.90	1.40
Six months		
Revenue	234.9m	207.1m
Net profits	27.7m	30.8m
Net per share	2.05	2.31

KAISER STEEL	1981	1980
Second quarter	$	$
Revenue	272.5m	205.5m
Net profits	21.9m	13.8m
Net per share	3.09	1.97
Six months		
Revenue	543.6m	437.9m
Net profit	54.4m	98.9m
Net per share	7.72	14.08

ELI LILLY	1981	1980
Second quarter	$	$
Revenue	624.6m	599.9m
Net profits	76.7m	74.2m
Net per share	1.00	0.98
Six months		
Revenue	1.43bn	1.31bn
Net profits	201.5m	185.1m
Net per share	2.65	2.45

LONE STAR INDUSTRIES	1981	1980
Second quarter	$	$
Revenue	240m	232m
Net profits	18.7m	17.6m
Net per share	1.60	1.57
Six months		
Revenue	450.4m	411.8m
Net profits	21.5m	21m
Net per share	1.76	1.90

LOUISIANA-PACIFIC	1981	1980
Second quarter	$	$
Revenue	295.3m	285.4m
Net profits	7.76m	15.09m
Net per share	0.25	0.49
Six months		
Revenue	562.5m	593.7m
Net profits	23.46m	33.88m
Net per share	0.76	1.11

NORANDA MINES	1981	1980
Second quarter	$	$
Revenue	84.8m	711.5m
Net profits	119.8m	85m
Net per share	1.13	0.83
Six months		
Revenue	1.54bn	1.42bn
Net profits	180.5m	186.3m
Net per share	1.73	1.87

PACCAR	1981	1980
Second quarter	$	$
Revenue	469.6m	394.7m
Net profits	23.3m	15.89m
Net per share	2.83	1.94
Six months		
Revenue	920.7m	913.1m
Net profits	47.29m	50.34m
Net per share	5.74	6.10

PENNWALT	1981	1980
Second quarter	$	$
Revenue	308.7m	286.1m
Net profits	12.66m	10.93m
Net per share	1.23	1.06
Six months		
Revenue	603.7m	582.1m
Net profits	20.36m	22.37m
Net per share	1.97	2.17

RALSTON PURINA	1980-81	1979-80
Third quarter	$	$
Revenue	1.24bn	1.14bn
Net profits	39.2m	34.4m
Net per share	0.36	0.32
Nine months		
Revenue	4bn	3.58bn
Net profits	142.5m	124.1m
Net per share	1.32	1.15

SOUTHERN CALIFORNIA EDISON	1981	1980
Second quarter	$	$
Revenue	983.8m	828m
Net profits	113.9m	76.9m
Net per share	1.13	0.84
Six months		
Revenue	1.89bn	1.63bn
Net profits	214.1m	158.6m
Net per share	2.14	1.81

SOUTHERN PACIFIC	1981	1980
Second quarter	$	$
Revenue	856.1m	700.4m
Net profits	44.7m	29.2m
Net per share	1.65	1.08
Six months		
Revenue	1.63bn	1.38bn
Net profits	6.5m	38.1m
Net per share	2.50	1.41

TEXAS INDUSTRIES	1980-81	1979-80
Fourth quarter	$	$
Revenue	79.7m	74.3m
Net profits	9.1m	10.87m
Net per share	1.27	1.55
Year		
Revenue	290.4m	282.6m
Net profits	30.41m	41.4m
Net per share	4.23	5.81

UPJOHN	1981	1980
Second quarter	$	$
Revenue	513.8m	444.8m
Net profits	40m	45.8m
Net per share	1.33	1.53
Six months		
Revenue	985.4m	878.9m
Net profits	92.2m	96.3m
Net per share	3.07	3.23

VIRGINIA ELECTRIC	1981	1980
Second quarter	$	$
Revenue	485m	473.5m
Net profits	37.8m	42.7m
Net per share	0.23	0.30
Six months		
Revenue	1.04bn	1.05bn
Net profits	92.3m	97.2m
Net per share	0.63	0.73

WESTERN UNION	1981	1980
Second quarter	$	$
Revenue	228m	193.5m
Net profits	13.22m	10.08m
Net per share	0.69	0.50
Six months		
Revenue	438.3m	382m
Net profits	23.04m	19.89m
Net per share	1.15	0.97

YELLOW FREIGHT SYSTEM	1981	1980
Second quarter	$	$
Revenue	247.6m	184.7m
Net profits	7.71m	3.26m
Net per share	0.54	0.23
Six months		
Revenue	448.3m	390.2m
Net profits	12.38m	9.09m
Net per share	0.87	0.64

Roche increases first half sales

By John Wicks in Zurich

SALES GROWTH of nearly a fifth is reported for the first half of 1981 by Hoffmann-La Roche, a pharmaceuticals group based in Switzerland and Canada.

Turnover rose to around SwFr 3.5bn ($1.7bn), a gain of 19.3 per cent over the opening six months of 1980. In terms of local currencies the rise in sales was limited to 16 per cent.

High inflation rates in some markets were again not fully compensated for by selling price rises, says a company communique. However, the development of exchange rates had a positive effect on profits.

All product groups contributed to the overall rise in first-half turnover. Growth of 19.2 per cent was achieved in pharmaceutical sales, 18.7 per cent for vitamins and fine chemicals and 17.6 per cent for flavours and fragrances.

CGE awarded inter-city fibre optics contract

BY TERRY DODSWORTH IN PARIS

COMPAGNIE Generale d'Electricite (CGE), France's largest electrical group, has established itself as a leading contender in the country's fibre optics industry with a contract to supply the first inter-city link of this type in France.

The agreement with the PTT, the nationalised French telecommunications body, effectively reverses a previous understanding whereby CGE was to concentrate on undersea fibre optics cables. Under this ruling, a Saint Gobain/Thomson consortium, CGE's main competitor in this field, was to become the main vehicle for France's development of land-based fibre-optics technology.

The Thomson group has already installed a fibre optics link between two telephone exchanges in Paris. In partnership with Saint Gobain, in a consortium which includes a minority stake held by Corning Glass of the U.S., Thomson has been selected for the so-called "wired-city" contract in Biarritz. This involves a number of different experiments in the use of fibre optics.

No figure has been put on the CGE inter-city agreement, which involves a new 45-kilometre line between Le Mans and La Fleche capable of carrying 9,600 separate communications. But CGE has made it clear that this is only the first in a number of initiatives designed to push it further into fibre optics.

Apart from a further contract with the PTT for an underseas Mediterranean cable in 1983, the company has an outline agreement at install a link between mainland France and Corsica in 1985.

These contracts are being supported by an investment programme which includes the expansion of its manufacturing plant at Bezons, owned by its Cables de Lyons subsidiary, and an extension to the optical electronics factory at Marcoussis.

In addition, CGE has taken up a technique for the use of diode lasers developed by the National Telecommunications Research Centre for the transmission of data along fibre optic lines.

According to M. Georges Pebereau, managing director of CGE, fibre optics has been chosen as one of the key elements in the group's development plans. He argues that this technology lies at the centre of its plans to expand in the field of information systems, because it will enable far greater capacity on the telephone lines along with the development of new "video" devices.

From the French point of view, it now seems as though the PTT, having first supported the Saint Gobain/Thomson consortium, has decided to back two main competitors in the market, a common element in the country's industrial strategy.

Landis and Gyr sees maintained profit

By Our Zurich Correspondent

LANDIS AND GYR, the Swiss electrical engineer, expects group profits for the year ending September 1981 to be at about the same level as in the previous year.

In a letter to shareholders, the company says that business in general developed satisfactorily in the first six months. New order value rose by about 10 per cent and billings increased by about 5 per cent over average levels for the previous year.

However, demand trends have been mixed. Demand has risen sharply in areas like meters, supervisory control equipment and telephonics, but there has been a marked drop in demand for air-conditioning equipment. Employment levels within the group are said to be generally good.

The company sales benefited from exchange rate stability in the first few months of the year, but has recently been affected by the strengthening of the Swiss franc. Since 1980, it has been billing clients in foreign currencies.

Management was cautious on future prospects. Although the company benefits from increased efforts to curb energy use, high interest rates are depressing investment.

Last year sales totalled SwFr 1.4bn (about $700m) and net profits were SwFr 59m.

Peugeot doubts on new foundry

BY OUR PARIS STAFF

FRENCH plans for creating jobs in the hard-hit steelworking region of Lorraine have been dealt a further blow by a Peugeot decision to re-examine a 1,200-man foundry project.

This plant was to have been built in collaboration with Renault, the other of the two main French motor groups. But it is now being re-examined with the idea of transforming the unit into a plastic injection factory which would employ only about 300.

Peugeot has confirmed that the project is being reconsidered after work on the site began to slow down earlier this year. It says that it is now a question of finding a better use for the plant, given the present prospects in the motor industry.

The decision underlines the present problems in the French motor industry after a dip in production of about 20 per cent during the first five months of the year. Peugeot is also trimming its investments after its hefty FFr 1.5bn ($263m) loss in 1980.

But any change in the designation of the Lorraine factory will be worrying for the Socialist Government given its commitments to generate new jobs. Only a year ago Peugeot abandoned another Lorraine-region project for an engineering plant employing about 2,000.

These two factories would have accounted for half of the new jobs announced by the French motor industry in April, 1979, when it put up plans to the Government to prevent a rival Ford plant being set up

Hero to hold earnings

By Our Zurich Correspondent

THE SWISS food company, Hero Conserven Lenzburg, has forecast that "despite rather subdued economic prospects on individual markets," results this year should be "in the order of those for 1980."

Last year, the Hero group reported consolidated turnover of SwFr 455.6m ($217m) and earnings of SwFr 7.3m ($3.5m). The Lenzburg parent distributed an unchanged SwFr 85 per share dividend from its net profits of SwFr 5.33m ($2.54m).

Norwegian shipbuilder back in black

BY OUR OSLO STAFF

AKER, the Norwegian shipbuilding and industrial group, expects to avoid a pre-tax loss this year after having suffered losses in the two previous years. The order book has improved considerably, from Nkr 1.4bn a year ago to Nkr 2.3bn ($383m) at the end of June this year.

For the first half of this year, the company reports operating profits after depreciation of Nkr 10.4m compared with Nkr 8.5m in the same period of 1980. Aker said that the increase was not as strong as had been expected, largely because contracts in the offshore sector had fallen below expectations.

The group's largest foreign involvement is in Brazil, where, on a 50-50 basis with Brazilian interests, Aker is building offshore installations "with positibe results." On the other hand, a small repair yard for containers in Singapore, where Aker was involved in a 50-50 basis, was closed this year because of "a lack of profitable opportunities."

Japanese funding drive turns to equities

BY RICHARD C. HANSON IN TOKYO

JAPANESE CORPORATIONS are set to break all previous records in raising capital directly from domestic and international markets this year. Underwriters expect up to Y4,000bn ($17.3bn) will be raised in total during the fiscal year from April 1981 to March 1982, compared with Y2,946bn last year.

This greater use of both international and domestic equity markets shows signs of being a long term trend, though market upheavals could intervene.

The surge in direct capital raising as opposed to bank borrowing is being triggered partly by the current buoyancy of Japan's equity markets, which makes share issues the more attractive to investors. It also reflects a drive on the part of Japanese companies to remain internationally competitive.

The following records are likely to be broken by year's end:—

● Apart from a new high for overall capital raising, the value of new equity issues in Japan is expected to surpass by up to Y200bn the pre-oil crisis record of Y1,200bn set in 1972.

● International financing (through straight and convertible bonds and share issues) may jump to $5bn from about $4bn last year.

● The biggest single equity issue in Japanese corporate history will be made this autumn. Tokyo Electric Power Company has announced that it wants to raise Y140bn.

● The single largest amount to be raised thus far on a market priced equity issue is underway this month with Toyota Motor Company's Y99.05bn share issue. In addition, Toshiba Corporation, the electrical machinery giant, is believed to be planning to raise about Y80bn by floating 200m shares, the greatest number of new shares ever issued by a Japanese company.

The current boom is based on a combination of factors. Companies need large amounts of cash for capital investment at home and in some cases to expand overseas. Toyota's issue for example will help pay for an unprecedented Y280bn investment plan this year. Nissan Motor, the second largest Japanese car maker, on the other hand, is basing an aggressive international expansion strategy partly on share issues overseas. The company issued 60m shares to raise Y47.8bn in May.

Market conditions, with Tokyo share prices posting better gains than elsewhere for the time being, are also favourable. Coupon rates on overseas foreign currency convertible bonds have dropped sharply since last year with the result that from April to July, convertible bonds overseas will have tripled from the comparable year earlier period to the equivalent of $1.461bn.

Underwriters consider the present trend to be part of a broad transition period, in which Japanese companies will become both more internationalised, and financially sound.

The Japanese securities industry itself is actively pursuing overseas business. All four top securities houses—Nomura, Daiwa, Nikko and Yamaichi—are making their own equity issues in European markets.

In addition to the current surge in direct capital raising through convertible bonds and shares, the Japanese authorities are expected next year to allow Japanese companies to issue at parent company level commercial paper, both inside and outside the country. At present, only overseas subsidiaries are allowed to raise funds in this manner.

JAPANESE DIRECT CORPORATE CAPITAL RAISING

	Domestic Ybn	Percentage of total	Overseas Ybn	Percentage of total	Total Ybn
1973-74	1,956	99.3	14.4	0.7	1,971
1974-75	1,877	93.7	127	6.3	2,004
1975-76	2,724	84.4	504	15.6	3,228
1976-77	2,019	81.7	454	18.3	2,473
1977-78	2,082	82.5	442	17.5	2,524
1978-79	2,561	81.8	570	18.2	3,131
1979-80	2,240	74.6	763	25.4	3,003
1980-81	2,159	73.3	787	26.7	2,946
Estimates for 1981-82					4,000

Figures include straight bonds convertible, and equity issues.

Source: Nikko Securities

Sime pays $17.3m for Goodrich Philippines

By Wong Sulong in Kuala Lumpur

SIME DARBY, the Malaysian plantation-based conglomerate, will pay US$17.3m for its recently acquired 54 per cent stake in B. F. Goodrich Philippines.

The consideration, to be paid to B. F. Goodrich of the U.S., will be satisfied through the issue of 8,597,000 Sime Darby shares valued at US$2 each. The price was based on the earnings and asset value of Goodrich Philippines, and is subject to approval of the relevant Filipino and Malaysian authorities.

Sime said it understood that Goodrich USA would not be keeping the shares but has agreed with certain Malaysian institutions to sell them for cash.

The purchase of a controlling stake in Goodrich Philippines furthers Sime's aim of expanding its plantation and manufacturing interests in South East Asia.

Goodrich Philippines, which has an issued capital of 172m pesos (US$22m) is listed on both the Manila and Makati stock exchanges. It commands about a third of the Philippines tyre market, and apart from its tyre manufacturing operations, owns a 100 hectare rubber plantation in Basilan Island.

● Tun Tan Siew Sin, Sime's chairman, yesterday signed an agreement with the Government of the East Malaysian state of Sabah under which Sime will assume management of the Sabah Land Development Board

The SLDB has over 100,000 acres of plantations, six oil palm mills, and three bulking installations.

Flat first half for Alcoa Australia

By Our Sydney Correspondent

ALCOA OF AUSTRALIA, the Aluminum Company of America subsidiary and Australia's largest aluminium group, has come through a difficult period for the industry to return a 1 per cent gain in first-half earnings to A$57m (US$65.3m). The figures indicate a significant recovery during the last three months, to June 30. Alcoa's profit in the first three months slumped 15 per cent, to A$23.7m from A$28m.

The directors point out, however, that the improvement between quarters was primarily the result of additional shipments of alumina that had been delayed from the first quarter. This factor also provides some explanation for the 11 per cent rise to A$428m ($490m) in sales for the six months and the 5 per cent sales fall to A$180m reported for the first quarter.

Alcoa earned less before tax on the higher sales, at A$106.3m compared with A$111.6m in same half of the previous year.

But this figure was struck after an A$6.2m lift to A$19.3m in the company's interest bill and A$3.5m higher depreciation provision.

The higher interest bill followed the further draw-down of loan funds for construction of the company's third alumina refinery at Wager, in Western Australia and its new aluminium smelter at Portland in Victoria.

The increased depreciation provision follows a review of the effects of inflation on the company's fixed asset values and a revaluation by A$127m on June 30. The revaluation had no impact on the profit for the half, although it will increase depreciation charges for the full year.

Alcoa had little to say about the result beyond commenting that international markets for aluminium and alumina have weakened, and that the result was disappointing.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 20, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate; no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates. (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	107.00
Albania	Lek	10.10
Algeria	Dinar	7.8515
Andorra	French Franc	10.815
	Spanish Peseta	182.65
Angola	Kwanza	(CM) 63.935 (T) 65.139
Antigua (S)	E. Caribbean $	5.05
Argentina	Ar. Peso	(cm)S, 827.0 (fn) 11,671.0
Australia (S)	Australian $	1.6355
Austria	Schilling	32.075
Azores	Portugu'se Escudo	121.35
Bahamas (S)	Ba. Dollar	1.8685
Bahrain (S)	Dinar	0.703
Balearic Isles	Spa. Peseta	182.65
Bangladesh (S)	Taka	34.15
Barbados (S)	Barbados $††	3.7370
Belgium	B. Franc	(cm) 74.75 (fn) 78.55
Belize	B. $	3.7370
Benin	C.F.A. Franc	540.75
Bermuda (S)	Bda $	1.8685
Bhutan	Indian Rupee	16.60
Bolivia	Bolivian Peso	46.40
Botswana (S)	Pula	1.6570
Brazil	Cruzeiro	174.31
Brit. Virgin Isles (S)	U.S. $	1.8685
Brunei (S)	Brunei $	4.0350
Bulgaria	Lev	1.8018
Burma	Kyat	13.45
Burundi	Burundi Franc	170.325
Cameroon Republic	C.F.A. Franc	540.75
Canada	Canadian $	2.2535
Canary Islands	Spanish Peseta	182.65
Cape Verde Isle	Cape V. Escudo	68.25
Cayman Islands (S)	Cay. Is. $	1.5570
Cent. Af. Repub.	C.F.A. Franc	540.75
Chad	C.F.A. Franc	540.75
Chile	C. Peso	(Bk) 73.12
China	Renminbi Yuan	3.2755
Colombia	C. Peso	(F) 102.13
Comoro Islands	C.F.A. Franc	540.75
Congo (Brazzaville)	C.F.A. Franc	540.75
Costa Rica	Colon	37.48
Cuba	Cuban Peso	1.3710
Cyprus (S)	Cyprus £	0.842
Czechoslovakia	Koruna	(com) 11.90 (n/c) 20.72 (T) 20.15
Denmark	Danish Krone	14.285
Djibouti	Fr.	325 (sg)
Dominica (S)	E. Caribbean $	5.05
Dominican Repub.	Dominican Peso	1.8685
Ecuador	Sucre	(O) 46.82 (F) 53.36
Egypt	Egyptian £	(U) 1.3225
Equatorial Guinea	Ekuele	365.1
Ethiopia	Ethiopian Birr	(P) 3.8250
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.285
Fiji Islands	Fiji $	1.6325
Finland	Markka	8.51
France	French Franc	10.815
French C'ty in Af.	C.F.A. Franc	540.75
French Guiana	Local Franc	10.815
French Pacific Is.	C.F.P. Franc	192 (sg)
Gabon	C.F.A. Franc	540.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.5725
Germany (West)	Deutsche Mark	4.5725
Ghana (S)	Cedi	5.08
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	111.845

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	14.285
Grenada (S)	E. Caribbean $	5.05
Guadaloupe	Local Franc	10.815
Guam	U.S. $	1.8685
Guatemala	Quetzal	1.8685
Guinea Republic	Syli	40.65
Guinea Bissau	Peso	72.50
Guyana (S)	Guyanese $	5.6120
Haiti	Gourd	9.3425
Honduras Repub.	Lempira	3.76
Hong Kong (S)	H.K. $	10.6725
Hungary	Forint	(com) 70.85 (T)(nc) 64.41
Iceland (S)	I. Krona	13.829(§)
India (S)	Ind. Rupee	16.60
Indonesia	Rupiah	1,180.0
Iran	Rial	162.00 (sg)
Iraq	Iraq Dinar	0.5500
Irish Republic (k)	Irish £	1.25475
Israel	Shekel	22.55
Italy	Lira	2,274.0
Ivory Coast	C.F.A. Franc	540.75
Jamaica (S)	Jamaica Dollar	3.3392
Japan	Yen	435.50
Jordan (S)	Jordan Dinar	0.625 (sg)
Kampuchea	Riel	2,242.5
Kenya (S)	Kenya Shilling	16.575
Kiribati	Australian $	1.6355
Korea (Nth)	Won	1.99 (n)
Korea (Sth)	Won	1,295.0
Kuwait	Kuwait Dinar	0.530
Laos	New Kip	18.685
Lebanon	Lebanese £	8.3105
Lesotho	Loti	1.7250
Liberia	Liberian $	1.8685
Libya	Libyan Dinar	0.5530
Liechtenstein	Swiss Franc	3.92
Luxembourg	Lux Franc	74.75
Macao	Pataca	11.10
Madeira	Portug'se Escudo	121.35
Malagasy Republic	MG Franc	540.75
Malawi (S)	Kwacha	1.74
Malaysia (S)	Ringgit	4.40
Maldive Islands (S)	Mal Rupee	7.3590
Mali Republic	Mali Franc	1,081.5
Malta (S)	Maltese £	0.784
Martinique	Local Franc	10.815
Mauritania	Ouguiya	108.10
Mauritius (S)	M. Rupee	15.80
Mexico	Mexican Peso	46.05
Miquelon	C.F.A. Franc	540.75
Monaco	French Franc	10.815
Mongolia	Tugrik	(o) 6.40 (ii)
Montserrat	E. Caribbean $	5.05
Morocco	Dirham	10.31 (sg)
Mozambique	Metical	54.85
Nauru	Australian Dollar	1.6356
Nepal	Nepalese Rupee	22.50
Netherlands	Guilder	5.09
Netherland Antilles	Antillian Guilder	3.3446
New Zealand (S)	N.Z. Dollar	2.2330
Nicaragua	Cordoba	18.75
Niger Republic	C.F.A. Franc	540.75
Nigeria (S)	Naira	1.254885 (sg)
Norway	Norway Krone	11.42
Oman Sul'ate of	Rial Omani	0.644
Pakistan	Pakistan Rupee	18.40
Panama	Balboa	1.8685
Papua N. Guinea (S)	Kina	1.2840
Paraguay	Guarani	236.25

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exe (A) 793.50
Philippines	Philippine Peso	14.50
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2330
Poland	Zloty	(Cm) 66.91 (T) 66.91
Portugal	Portugu'se Escudo	121.35
Puerto Rico	U.S. $	1.8685
Qatar (S)	Qatar Ryal	6.79
Reunion Ile de la	French Franc	10.815
Romania	Leu	(Cm) 8.67 (n/c) 31.23
Rwanda	Rwanda Franc	182.58
St. Christopher (S)	E. Caribbean $	5.05
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.05
St. Pierre	Local Franc	10.815
St. Vincent (S)	E. Caribbean $	5.05
Salvador El	Colon	4.69
Samoa American	U.S. $	1.8685
San Marino	Italian Lira	2,274.0
Sao Tome & Principe	Dobra	74.82
Saudi Arabia	Ryal	6.39
Senegal	C.F.A. Franc	540.75
Seychelles	S. Rupee	11.90 (sg)
Sierra Leone (S)	Leone	2.2535
Singapore (S)	Singapore $	4.0350
Solomon Islands (S)	Solomon Is. $	1.6720
Somali Republic	Somali Shilling	(A) 11.80
South Africa (S)	Rand	1.7350
South West African Territories (S)	S. A. Rand	1.7350
Spain	Peseta	182.65
Spanish ports in North Africa	Peseta	182.65
Sri Lanka (S)	S. L. Rupee	34.75
Sudan Republic	Sudan £ (1)	0.94
Sudan Republic	Sudan £ (2)	1.50
Surinam	S. Guilder	3.3446
Swaziland (S)	Lilangeni	1.7250
Sweden	S. Krona	9.71
Switzerland	Swiss Franc	3.92
Syria	Syria £	(A) 10.00
Taiwan	New Taiwan $	67.27
Tanzania (S)	Tan. Shilling	15.60
Thailand	Baht	42.05
Togo Republic	C.F.A. Franc	540.75
Tonga Islands (S)	Pa'anga	1.6355
Trinidad (S)	Trinidad & Tob. $	4.4844
Tunisia	Tunisian Dinar	0.981 (sg)
Turkey	Turkish Lira	211.98
Turks & Caicos	U.S. $	1.8685
Tuvalu	Australian $	1.6355
Uganda (S)	Uganda Shilling	150.0
United States	U.S. Dollar	1.8685
Uruguay	Uruguay Peso	(cm) 20.32 (fin) 20.34
Utd. Arab Emirates	U.A.E. Dirham	6.89
U.S.S.R.	Rouble	1.4570
Upper Volta	C.F.A. Franc	540.75
Vanuatu	Vatu	170 (sg)
	Aust. Dollar	1.6355
Vatican	Italian Lira	2,274.0
Venezuela	Bolivar	8.05
Vietnam	Dong	(O) 4.0875 (T) 4.70 (ii)
Virgin Islands U.S.	U.S. Dollar	1.8685
Western Samoa (S)	Samoan Tala	1.9840
Yemen (Nth)	Ryal	8.47 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6405
Yugoslavia	New Y Dinar	72.6176
Zaire Republic	Zaire	10.468158
Zambia	Kwacha	1.6925
Zimbabwe	Zimbabwe $	1.3250

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 78.50. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ii) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

Dollar firm

The dollar was sharply firmer in London yesterday compared with Friday's closing levels but finished below its best level, having risen sharply in the Far East on a larger than expected rise in the U.S. money supply. Trading was probably restricted ahead of any indication on future interest rate trends that may come out of the current summit.

Sterling was firmer against some European currencies, helped to some extent by higher domestic rates but lost ground against the dollar.

The D-mark lost ground against its EMS partners but remained the most improved currency. Other currencies were slightly weaker against central rates as sterling showed a slight recovery although the weakest member, the Belgian franc, was generally firmer. The French franc showed little reaction to yesterday's reduction in the Bank of France money market intervention rate.

DOLLAR — trade weighted index (Bank of England) rose to 111.1 from 110.7. The dollar was mostly firmer in rather quiet trading. Action by the Federal authorities to add reserves to the U.S. money market had little effect on the dollar. Against the D-mark it finished at DM 2.4460 compared with DM 2.4215 on Friday and SwFr 2.0965 from SwFr 2.0810 in terms of the Swiss franc. The Japanese yen was very weak and the dollar rose to its best level since May 1980, closing at Y233.0 against Y231.8. It was also firmer against the French franc at FFr 5.7890 from FFr 5.7535.

STERLING—Trade weighted index (Bank of England) fell to 92.3 from 92.4, having stood at 92.5 at noon and 92.6 in the morning. Sterling opened at $1.8770 against the dollar and showed little change during the morning. During the afternoon it touched a low of $1.8670 and closed at $1.8680-1.8690, a fall of 1.8c. Against the D-mark it rose to DM 4.5725 from DM 4.5650 but fell against the Swiss franc to SwFr 3.9200 from SwFr 3.9250 and FFr 10.8150 against FFr 10.8450 in terms of the French franc.

D-MARK—Strongest member of the European Monetary System but still weak against the dollar despite central bank support. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports, may assist a recovery as long as U.S. interest rates do not show a further rise —The D-mark was mostly weaker at yesterday's fixing in Frankfurt. The dollar was sharply firmer at DM 2.4456 compared with DM 2.4245 at Friday's fixing but was steadier in later trading at DM 2.4470 as the market awaited some sign on future trends in U.S. interest rates from the Ottawa conference. Elsewhere sterling rose to DM 4.5820 from DM 4.5510, helped by firmer domestic rates but came back later in the day to DM 4.5760. The French franc was firmer at DM 42.16 per FFr 100 against DM 42.14 and the Swiss franc rose to DM 1.1658 from DM 1.1638.

DANISH KRONE—One of the stronger currencies in the EMS and comfortably placed against the D-mark, reflecting in part a recent firmer trend in domestic interest rates. The krone has been devalued twice within the system since 1979—The Danish krone was firmer against its EMS partners at yesterday's fixing in Copenhagen but lost ground against sterling and the dollar. The French franc slipped to DKr 1.3170 from DKr 1.3195 and the D-mark was lower at DKr 3.13 from DKr 3.1314. Sterling rose to DKr 14.3355 from DKr 14.2420 and the dollar to DKr 7.6530 compared with DKr 7.5630.

THE POUND SPOT AND FORWARD

July 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8670-1.8770	1.8680-1.8690	0.80-0.90c dis	−5.46	2.10-2.20dis	−4.60
Canada	2.2515-2.2630	2.2530-2.2540	1.00-1.10c dis	−5.59	2.75-2.90dis	−5.01
Nethlnd.	5.08-5.12	5.08¼-5.09¼	1½-½c pm	2.06	2⅝-1⅞ pm	1.67
Belgium	74.60-75.30	74.70-74.80	32-42c dis	−5.94	88-98 dis	−4.98
Denmark	14.27-14.38	14.28-14.29	5⅞-6¾ore dis	−5.20	14⅞-16¾ dis	−4.43
Ireland	1.2515-1.2610	1.2540-1.2555	0.01-0.15p dis	−0.77	0.60-0.74dis	−2.14
W. Ger.	4.56-4.60	4.56¾-4.57¾	⅞-⅜pf pm	1.64	2¼-1¾ pm	1.64
Portugal	121.00-122.00	121.20-121.50	45-115c dis	−7.91	135-315 dis	−7.42
Spain	182.00-183.70	182.40-182.70	55-85c dis	−4.60	210-285 dis	−5.20
Italy	2,272-2,285	2,273-2,275	28½-30½lire dis	−15.57	82½-85½ dis	−14.78
Norway	11.41-11.48	11.41-11.43	1½-½ore pm	−1.12	3¾-2¾ pm	1.05
France	10.80-10.90	10.81-10.82	7½-8½c dis	−8.88	21½-22½ dis	−8.14
Sweden	9.70-9.75	9.70-9.72	¼-1¼ore dis	−1.00	1½-2⅞ dis	−0.93
Japan	433-440	435-436	2.70-2.35y pm	6.96	7.40-7.00 pm	6.61
Austria	32.00-32.30	32.05-32.10	7-2gro pm	1.68	14-4 pm	1.12
Switz.	3.91-3.95	3.91½-3.92½	2¾-1¾c pm	6.74	4¾-3⅞ pm	4.21

Belgian rate is for convertible francs. Financial franc 78.50-78.60. Six-month forward dollar 3.80-3.90c dis. 12-month 5.20-5.40c dis.

THE DOLLAR SPOT AND FORWARD

July 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8670-1.8770	1.8680-1.8690	0.80-0.90c dis	−5.46	2.10-2.20dis	−4.60
Ireland†	1.4880-1.4925	1.4880-1.4900	0.53-0.63c dis	−4.67	0.88-0.96dis	−2.44
Canada	1.2058-1.2071	1.2062-1.2065	0.07-0.04c pm	0.55	0.12-0.15dis	−0.45
Nethlnd.	2.7195-2.7345	2.7210-2.7235	1.70-1.60c pm	7.27	4.32-4.22 pm	6.27
Belgium	39.78-40.09	40.01-40.03	par-5c dis	−0.90	par-6 dis	−0.30
Denmark	7.6600-7.6690	7.6400-7.6440	0.10ore pm-.15dis	−0.04	0.80-0.10 pm	0.18
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 20	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.3	−31.7
U.S. dollar	111.1	+4.3
Canadian dollar	88.2	−17.2
Austrian schilling	111.3	+21.6
Belgian franc	112.4	−1.8
Danish kroner	85.8	−11.2
Deutsche mark	115.0	+38.0
Swiss franc	135.3	+82.6
Guilder	107.2	+14.0
French franc	82.6	−11.4
Lira	57.3	−57.1
Yen	131.6	+35.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	[illegible]	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian F.	[illegible]	[illegible]	[illegible]
Danish K.	[illegible]	[illegible]	[illegible]
D mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn. Kr.	[illegible]	[illegible]	[illegible]
Spanish Pts.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch.	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

July 20	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dir.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,661-11,681 and for the dollar 6,200-6,260. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.2931	+1.21	+1.25	±1.6361
Danish Krone	7.91917	7.89153	−0.35	−0.31	±1.6413
German D-Mark	2.54502	2.52291	−0.87	−0.83	±1.1386
French Franc	5.98526	5.98228	−0.22	−0.18	±1.3838
Dutch Guilder	2.81318	2.81018	−0.11	−0.07	±1.5159
Irish Punt	0.685145	0.692081	+1.01	+1.05	±1.6888
Italian Lira	1262.92	1256.66	−0.50	−0.53	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.869	4.573	435.5	10.815	3.920	5.090	2274.	2.254	74.75
U.S. Dollar	0.535	1.	2.447	233.1	5.788	2.098	2.724	1217.	1.206	40.01
Deutschemark	0.219	0.409	1.	95.24	2.365	0.857	1.113	497.3	0.493	16.35
Japanese Yen 1,000	2.296	4.290	10.50	1000.	24.83	9.001	11.69	5222.	5.175	171.6
French Franc 10	0.925	1.728	4.228	402.7	10.	3.625	4.706	2103.	2.084	69.12
Swiss Franc	0.255	0.477	1.166	111.1	2.759	1.	1.298	580.1	0.575	19.07
Dutch Guilder	0.196	0.367	0.898	85.56	2.125	0.770	1.	446.8	0.443	14.69
Italian Lira 1,000	0.440	0.822	2.011	191.5	4.756	1.724	2.238	1000.	0.991	32.87
Canadian Dollar	0.444	0.829	2.029	193.3	4.799	1.740	2.259	1009.	1.	33.17
Belgian Franc 100	1.338	2.500	6.117	582.6	14.47	5.244	6.809	3042.	3.015	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 11/16	offer 18 13/16	bid 18 5/8	offer 18 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¼-12½	18⅛-18⅜	17-19	11½-12	1-1½	11¾-11⅞	19-21	18-20	14-18	6½-7
7 days' notice	12¾-13	18⅝-18⅞	17-19	11⅞-12⅛	1½-2	11 7/16-11 9/16	20-22	25-29	16-20	6¾-7
Month	14-14⅛	18⅜-18⅝	19-19⅜	12⅛-12¼	8⅛-8¼	12 1/16-12 3/16	22-23	27¼-29¼	17½-18½	7-7¼
Three months	14¼-14⅜	18 7/16-18 11/16	19-19⅜	12¼-12⅜	9 3/16-9 5/16	12⅜-12½	21¾-22¾	28-29½	17¾-18¾	7¼-7½
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	14 3/16-14 5/16	16⅞-17⅛	17¾-18⅛	12⅛-12¼	9 3/16-9 5/16	12⅜-12½	19-20	26-27	16¾-17¾	8⅛-8⅜

SDR linked deposits: one-month 15 13/16-16 3/16 per cent; three-months 15⅞-16¼ per cent; six-months 15 11/16-16 1/16 per cent; one-year 14⅞-15¼ per cent.

ECU linked deposits: one-month 16 5/16-16 11/16 per cent; three-months 16½-16⅞ per cent; six-months 16¼-16⅝ per cent; one-year 15 9/16-15 15/16 per cent.

Asian $ (closing rates in Singapore): one-month 18¾-18⅞ per cent; three-months 18 11/16-18 13/16 per cent; six-months 18 7/16-18 9/16 per cent; one-year 17⅜-17½ per cent. Long-term Eurodollar two-years 16⅛-16⅜ per cent; three-years 16⅛-16⅜ per cent; four-years 16-16¼ per cent; five-years 15⅞-16⅛ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.45-18.55 per cent; three-months 18.25-18.35 per cent; six-months 18.00-18.10 per cent; one-year 16.80-17.00 per cent.

MONEY MARKETS

Nervous trading

Bank of England Minimum Lending Rate 12 per cent (since March 10 1981)

Short-term interest rates remained firm in very nervous London money market trading. The intervention by the authorities to remove yesterday's shortage of day-to-day funds was seen as neutral by the market, but did little to dispel the present uncertainties. Discount houses buying rates for three-month bank bills were quoted at 13 11/16-13⅝ per cent, compared with 13⅝-13½ per cent on Friday, with three-month Treasury bills at 13 9/16 per cent, against 13½-13⅜ per cent.

In the interbank market one-month money was quite volatile, touching a peak of 14¼-14¼ per cent, and closing around 14 per cent. The key seven-day rate was steady at 12¾-13 per cent, compared with a peak of 13¼ per cent late Friday, and with overnight money available at 11⅞-13 per cent there seems little immediate danger of a rise in bank base rates.

The near future remains very uncertain however, particularly if a settlement of the civil service dispute puts increased pressure on very short-term rates.

The amount of help given by the authorities was very large yesterday, all by way of repurchase agreements on bills. In the morning the Bank of England bought bills at 12-12⅛ per cent, for resale to the market on Friday, and in the afternoon bills were purchased at 12 per cent for resale tomorrow.

Banks brought forward moderate run-down balances, and the market was also faced with a moderate excess of revenue payments to the Exchequer over Government disbursements, and a small net take-up of Treasury bills.

In New York overnight Federal funds remained firm at 18⅝-18⅞ per cent in early trading despite an injection of liquidity by the Federal Reserve Bank by way of three-day repurchase agreements.

In Paris the Bank of France gave a further downward nudge to short term interest rates by cutting its money market intervention rate to 17¾ per cent from 18⅛ per cent. The central bank bought FFr 20bn of first category paper at tender for maturity between August 1 and September 15. The intervention rate was last cut by ¼ per cent on July 8. Call money showed a firmer trend yesterday however, rising by ¼ per cent to 18⅜ per cent, but this was probably a technical adjustment, and was not reflected in period rates, which were little changed. The downward trend in interest rates recently, coupled with the weakness of the franc against the dollar, led to speculation of a two tier market, offering a high return to foreign investors while keeping down the level of domestic rates. In the afternoon the Bank of France cut its discount rate on seven-day Treasury bills by ¼ per cent to 19¼ per cent.

MONEY RATES

NEW YORK

Prime rate	20½
Fed. funds	18⅞-18⅝
Treasury bills (13-week)	14.95
Treasury bills (26-week)	15.00

GERMANY

Special Lombard	12.00
Overnight rate	11.95
One month	12.65
Three months	12.925
Six months	12.95

FRANCE

Intervention rate	17.75
Overnight rate	18.375
One month	17.75
Three months	17.25
Six months	16.75

JAPAN

Discount rate	6.25
Call (unconditional)	7.375
Bill discount (three-month)	7.40875

LONDON MONEY RATES

July 20 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11⅞-13	12⅛	—	—	[illegible]	[illegible]	—	—	—
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14⅝ per cent; four-years 14⅝ per cent; five-years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four-month trade bills 14¼ per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two-months 13¾ per cent; three-months 13⅝ per cent. Approximate selling rate for one-month bank bills 13⅝ per cent; two-months 13⅝ per cent; three-months 13⅞-13⅝ per cent; one-month trade bills 14¼ per cent; two-months 14¼ per cent; three-months 14¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.4702 per cent.

GOLD

Weaker trend

Gold lost $6 an ounce in the London bullion market yesterday to close at $411-413. The metal opened at $413-415 and reached a best level of $415-416 before easing back in dull featureless trading.

In Paris the 12½ kilo bar was fixed at FFr 90,000 per kilo ($452.72 per ounce) compared with FFr 90,000 ($452.32) in the morning and FFr 90,000 ($455.73) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,675 per kilo ($415.50 per ounce) against DM 32,475 ($416.45) previously and closed at $412-414 per ounce.

In Luxembourg the 12½ kilo bar was fixed at $414.25 per ounce against $416.40 on Friday.

In Zurich gold finished at $411-414 per ounce.

	July 20		July 17	
Gold Bullion (fine ounce)				
Close	$411-413	(£219¾-220¾)	$417-419	(£221-222)
Opening	$413-415	(£220½-221½)	$416-418	(£221-222)
Morning fixing	$414.75	(£221.577)	$414.50	(£220.590)
Afternoon fixing	$412.50	(£220.470)	$415	(£220.944)
Gold Coins				
Krugerrand	$424½-425½	(£227-227½)	$435-436	(£230½-231)
½ Krugerrand	$218½-219½	(£116¾-117½)	$224¼-225¼	(£118¾-119¼)
¼ Krugerrand	$111½-112½	(£59½-60)	$114¼-115¼	(60½-61)
1/10 Krugerrand	$45½-46½	(£24¼-24¾)	$46½-47½	(£24½-25)
Mapleleaf	$417-420	(£223-224½)	$425-428	(£225¼-226¾)
New Sovereigns	$103-103½	(£55-55½)	$105¼-106	(£55¾-56¼)
King Sovereigns	$115-117	(£61½-62½)	$115-117	(£61-62)
Victoria Sovs.	$115-117	(£61½-62½)	$115-117	(£61-62)
French 20s	$108-114	(£57¾-61)	$111-116	(£58¾-61½)
50 pesos Mexico	$511-516	(£273¼-276)	$523-527	(£277¼-279¼)
100 Cor. Austria	$398-402	(£212¾-215)	$407-411	(£215¾-217¾)
$20 Eagles	$539-544	(£288¼-291)	$544-549	(£288¼-291)

JOBS COLUMN

Pilot for engineering group

BY MICHAEL DIXON

IT'S LIKE helping to look for a long lost, distant cousin, the Jobs Column thought when recruiter David Dillistone of the Tasa consultancy came up with today's first offer.

The long lost bit goes back to one of my earliest memories: of being taken in Uncle Arthur's big square black Austin saloon to Ringway Airport. There the adults tried to interest me in boring old men and women clambering up a wooden stepladder into a silvery biplane with two engines. But I had eyes only for a compound containing several one-engined monoplanes largely daubed dark green and brown. Warplanes!

When Uncle Arthur (who knew everything) vouchsafed that they were Fairey Battles and actually made in Stockport—the nearest real town to my home—I was thrilled to bits. True, they did not last long in the war. But they were the first aircraft with real guns I ever came close to, and I saw them again immediately Mr Dillistone said he was seeking a group chief executive for Fairey Holdings.

The reason why the recruit will be a cousin, although distant both vertically and horizontally, is that a year and three weeks ago Fairey joined the Royal Doulton branch of the S. Pearson group whose publishing branch includes the Financial Times.

Instead of the £4m profit forecast when the new subsidiary group was bought from the National Enterprise Board for £22m, Fairey ended last year with a loss of £2.8m. The main culprits were evidently the nuclear-power engineering and manufacture of transportable bridges at the 1,100-employee Stockport site, where I'd bet hardl anyone even remembers Battles.

At the time Lord Gibson, the Pearson chairman, said that while the acquisition was at base a very good company, some time would be needed to restore it to acceptable profits.

This year, however, things are apparently looking brighter than had been expected. Healthy order books are reported in most companies of the Fairey business.

They now also include the boat-building factories at East Cowes, Hamble and Gosport of Fairey Allday Marine which employs 500, the high-technology plants at Heston and Bristol of the Hydraulics arm which has 600 workers, the 249-employee Filtration company at Heston and Arlon in Holland which makes equipment for the Tornado aircraft, Nuclear with 60 workers at Heston supplying fuel elements, Winches employing 90 at Paignton, and the new Automation business at Swindon.

The managing directors of these concerns will report to the incoming chief wanted to replace Kenneth Bacon who has moved to the Philips group. The newcomer will have supervisory responsibility for the whole of the Fairey organisation, and will report to its chairman Ronnie Lamb who is also chief executive of Doulton.

Candidates obviously need a thorough grasp of engineering, including the high-technology sort, as well as demonstrable success as chief of a comparable group or at least in leading several divisions treated as autonomous profit centres.

Experience of negotiating long-term contracts with high and mighty buyers, including governmental and military organisations, is desired. Skill in coping with the media would be valued, too.

No salary is quoted. So tradition requires this junior and, if distant, not entirely unreachable cousin to venture an estimate. While it is difficult to write with fingers crossed, here goes: Around £40,000. Perks negotiable.

Inquiries to David Dillistone at 17-18, Old Bond Street, London, W1X 3DA; telephone 01-499 6416, telex 265762 Copar G.

Economist

ALEX HAKIM of A and A Consultants seeks a petroleum economist to work in London for an overseas-owned oil exploration company which he may not identify. Accordingly he—like the other recruitment consultants to be mentioned later—promises that any applicant who so requests will not be named to the employer without further permission.

At least five years of success in forecasting and financial analysis, some of it concerned with oil exploration, is the main need. But knowledge of, if not a degree in, engineering would be a help. Salary indicator is £12,000 to £14,000 plus bonus.

Inquiries to Mr Hakim at 47, Essex Street, London, WC2R 3JF; telephone 01-353 8201.

Banks

DUDLEY EDMUNDS of Robert Half Personnel (UK) has a pair of offers on behalf of two different banks.

The first is a treasury manager's job whose whereabouts he describes only as "Europe." But perhaps the fact that fluent Dutch is required plus good knowledge of the Netherlands and adjacent countries, may provide a clue.

With four staff, this recruit will be responsible for looking after the local funding of the branch of the international bank in question, and developing its commercial foreign exchange activities as well as lending a hand on the professional side of FX. At least five years first-class work in similar field is wanted, and a leaning towards corporate foreign exchange or treasury business is desired. Much client contact will be needed.

Salary will be the equivalent of £30,000 to £35,000. Perks negotiable.

The other person wanted by the same recruiter will be second in command of a bank branch already established in the Midlands area, and will apparently be "heavily involved" in the lending of sums from about £100,000 to £10m.

Practised skill in assessing, negotiating and documenting security is the essence. This is because the branch is in the business of lending to companies and projects not always of "blue chip" status. The main clients are likely to be small to medium sized concerns in light engineering and so on. Calling on potential customers and other marketing work will be a considerable part of the work.

Mr Edmunds thinks candidates should have started their career in a clearing bank and so acquired the necessary knowledge of secured lending. But their native flair and initiative, together with an interest in business of the smaller-sized kinds, will probably have taken them into a merchant, or a go-ahead domestic bank. Even so, it is just possible that the right person will still be chafing at the bit in a clearing bank.

The salary indicator is £15,000 upwards. Perks include a car as well as the usual range of bank-staff benefits.

Inquiries in either case to Dudley Edmunds at Robert Half Personnel (UK), Lee House, London Wall, London, EC2Y 5AS; telephone 01-606 6771.

City

BILL GILL of Merton Associates (Consultants) is looking for an institutional salesman to join a team of seven thereof already working for a stockbroking concern in the City of London. "There is the widest possible freedom to develop a strong client list in all sectors," the recruiter says.

Candidates must be able to show success in institutional sales of general equities. Basic salary will be up to £20,000 or thereabouts. But there will be a bonus based on departmental results and a direct share of new business gained, and the recruit will be expected to earn a total of £30,000-plus.

Inquiries to Air Vice Marshal Gill at Merton House, 70 Grafton Way, London W1P 5LN; tel. 01-388 2051, telex 8953742.

MBAs aplenty

FINALLY TODAY, the Jobs Column has been asked to pass on a request by about 50 of the people soon to complete their course for a master's degree in business administration at Cranfield management school. Aged in their mid-30s, and with several years experience in businesses of various kinds before taking their course, they are keen to work in small enterprises either as full-time staff or self-employed helpers.

"Subjects covered include marketing, finance and accounting, organisational behaviour, computing, and small-business and operations management," I am told. In addition, many have spent part of their course doing project work in a smallish company.

Any employer who would like to have details of these aspiring business-builders and the particular skills they can offer should contact Murray Steele at Cranfield School of Management, Cranfield, Bedford MK43 0AL; telephone Bedford (0234) 751122, telex 825072.

APPOINTMENTS

Changes at Thames Television

THAMES TELEVISION has made the following senior management changes from August 10.

Mr Ian Scott will concentrate full-time as director of finance, continuing as a full member of the Board. The post of deputy managing director will now lapse. Mr Derek Hunt will take over a new post of deputy director of finance. Mr Richard Dunn becomes director of production. Mr Fred Atkinson is made production director Teddington and Hanworth and Mr John O'Keefe production director, central London. Mr Ben Marr, company secretary, will be director of personnel. Mr Robert Godfrey, as engineering and technical director, will become a member of the committee of the Board which is being set up to study technical developments over the period of Thames new contract.

★

AE/PLC has appointed Mr John Collyear, group managing director, as full time chairman and Mr Malcolm Norgate as group managing director from October 1. These changes stem from the decision by AE's present non-executive chairman, Mr J. N. Ferguson, chairman and managing director of BSR, that he can no longer devote the time necessary to AE as a result of the recent acquisitions of BSR in the Far East. Mr Ferguson will continue as a deputy chairman of AE. AE/PLC was formerly Associated Engineering.

★

Mr Jeremy Pope has been appointed chairman of the CONFEDERATION OF BRITISH INDUSTRY'S SMALLER FIRMS COUNCIL. He will succeed Mr Fiennes Cornwallis on September 8. Mr Pope is finance and planning director of Eldridge Pope, a family firm of brewers and wine merchants.

★

THOMAS WITTER AND CO. states that Mr J. Jackson has resigned as a director.

★

Mr Edward J. Jamison Jr., executive vice-president, has been elected chairman and president of BUFFALO REINSURANCE COMPANY.

★

Mr Stephen Redfarn, a director of Henry Ansbacher and Co., has been appointed chairman of the BUSINESS GRADUATES ASSOCIATION. Mr Stephen Peach, deputy comptroller, overseas group, of Dunlop Holdings, has become vice-chairman of the association.

★

ANTONY GIBBS SAGE has made the following appointments as divisional directors: Mr C. P. Bedford, reinsurance division, and Mr J. Field and Mr M. Stansfield, UK division.

★

Mr David H. McKean has been appointed estate surveyor of SCOTTISH METROPOLITAN PROPERTY and Mr C. J. Elliott, an assistant estate surveyor.

★

Mr John C. Mitchell has been appointed publisher of INTERNATIONAL MANAGEMENT and director of the European Circulation Center. Mr Mitchell will be based in Maidenhead, England.

★

Mr C. Alan McLintock takes over tomorrow as chairman of the ECCLESIASTICAL INSURANCE OFFICE in place of Mr Allan Grant who is retired from the board and will become president.

★

INTERNATIONAL STORES has made the following appointments: Mr Stuart Soloway becomes retail director and Miss Christine Harris is made marketing director.

★

Miss Valerie Farbridge, a director of NOP Market Research, has been elected chairman of THE MARKET RESEARCH SOCIETY for 1981-1983.

★

Mr James A. Young has joined the board of GPG INTERNATIONAL, a subsidiary of ARTHUR GUINNESS AND SONS.

★

WOODALL MECHANICAL SERVICES, a Whittingham subsidiary, has promoted Mr Ronald Evans to financial director and Mr David Woodhull to production director. Mr Hayden Birks, company secretary, becomes a non-executive director.

★

Mr. James G. W. Stacey, has been appointed managing director of AVICA EQUIPMENT, a company within Bestobell's aviation and seals business group. Mr. Stacey was appointed managing director of Bestobell Seals in February, 1980.

★

The Boots Company has appointed Mr. M. F. Ruddell a director of its subsidiary TIMOTHY WHITES.

★

Mr. Michael Portlock has been appointed managing director of SAFE COMPUTING.

★

SPEAR & JACKSON (TOOLS) has appointed Mr. Vince Jenkins as UK sales and marketing director.

OVERSEAS

The PROCTER AND GAMBLE COMPANY in Cincinnati has made the following change at its European headquarters in Brussels. Mr Gordon F. Brunner will become manager of research and development for the company's European operations in succession to Mr W. N. Zaki, who moves to the U.S. to assume overall staff responsibility for the company's worldwide research and development following his election as senior vice president.

★

Sr Carlos Bracho has been appointed senior vice president in charge of the international division, BANCA SERFIN, Mexico City, from August 1. He succeeds Sr Jose Manuel Rivero, who will be leaving Banca Serfin to take up an appointment with another bank in Mexico City.

★

Mr George Warde, senior vice-president (sales) of Airbus Industrie, the European Airbus manufacturing consortium, has been appointed president and chief operating officer of CONTINENTAL AIRLINES of the U.S. from August 1. Mr Robert F. Six remains chairman of Continental.

★

Mr Don G. Powell has been appointed head of the trust department of MELLON BANK from August 17. He is currently employed by State Street Bank and Trust Company of Boston, Massachusetts, as executive vice-president in charge of the investment management group.

★

Mr Earl L. Wilson has been elected president and chief operating officer of STANDARD-THOMSON CORPORATION, a subsidiary of Allegheny International. Mr Wilson will be responsible for all domestic operations of the company and will assist the chairman in liaison activities with the company's eight foreign affiliates. He has been senior vice-president of Standard-Thomson since August 1978.

★

Mr John R. Bonne has been appointed vice-president, marketing, of MICRODATA INTERNATIONAL CORPORATION. Mr Bonne was vice-president, marketing, for AM Jacquard Systems.

★

Mr David W. Morgan has been appointed U.S. director, IMI INTERNATIONAL from August 1, and will be resident in New York from early October. Since 1977 he has been managing director of Lightning International, responsible for zip fastener subsidiaries outside the UK and for world-wide technical and commercial co-ordination.

★

Mr Rowland Cobbold has become CATHAY PACIFIC'S new general manager-Europe. He succeeds Mr John Olsen, who is transferring to Tokyo as the airline's general manager-Japan. Mr Ted Smith has been appointed general manager administration for Europe.

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12½ %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½ %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½ %
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.

† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼% and over £50,000 10½%.

‡ Call deposits £1,000 and over 9%.

§ Demand deposits 9½%.

‖ 21-day deposits over £1,000 10½%.

Early Wall St fall of 12.5

A SHARP and widespread setback in fairly active trading occurred on Wall Street yesterday morning as investors lost hope that interest rates would ease in the near-term.

The Dow Jones Industrial Average dipped 12.55 to 946.35 at 1 pm, while the NYSE All Common Index weakened 85 cents to $75.11 and falls outscored rises by a five-to-one margin. Turnover came to 28.90m shares at 1 pm.

The $6.9bn gain in money supply figures last week was the immediate cause of the decline. The large jump will result in the Federal Reserve continuing its tight grip on monetary policy, so there is "no relief in sight for high interest rates," one analyst said.

Conoco, the subject of a bidding war, receded 1½ to $85, and **Diamond Shamrock**, the subject of merger rumours, lost 1½ to $36⅜. United Technologies denied speculation that it was interested in buying Diamond.

All but two of the stocks on the NYSE actives list showed losses. **Texasgulf** was up ⅜ to $55½ and **Texas International** 1⅞ to $36¼.

Burlington Northern shed 1⅞ to $54 after announcing lower earnings, while **Smithkline** slipped 2⅛ to $70½ although it reported slightly higher earnings.

In the Natural Resources sector, **Geo International** dropped 2½ to $40, **Pennzoil** 1½ to $48¾ and **Coastal** 2½ to $52⅝.

THE AMERICAN SE Market Value Index was down 4.11 at 365.91 at 1 pm after volume of 2.52m shares.

Canada

Most sectors lost ground in moderate early dealings. The Toronto Composite index was 15.1 lower at 2,374.2 at noon, while Golds declined 98.0 to 4,107.3 and Oil and Gas 49.6 to 5,060.6.

Closing prices for North America were not available for this edition.

Tokyo

An early market rally, fuelled by foreign purchases of large-capitals and some other Blue Chips, was later sharply reversed as investors showed concern about a fresh fall in the yen to a 15-month low against the U.S. dollar.

The Nikkei-Dow Jones Average, after rising to 7,901.15, retreated to 7,840.16 for a loss on the day of 36.73. The Tokyo SE index recorded a net fall of 1.72 at 593.25, while declines finally outpaced gains on the First Market section by 390 to 219. Trading was relatively moderate, however, amounting to 380m shares, against last Friday's 500m.

The initial foreign buying seen yesterday would normally have been absorbed during a Saturday half-day session, according to one broker, but were delayed because of the Stock Exchange's monthly Saturday holiday.

Heavy Electric Machines, Blue Chips and other front-runners in Optical Fibres, Machine Tools and Industrial Robot Makers mainly ended lower on light selling, while Oils were weak, but Steels still showed gains at the close.

Toshiba lost Y7 to Y440, **Mitsui Shipbuilding** Y5 to Y218, **Matsushita Electric** Y50 to Y1,790, **Fuji Photo** Y50 to Y1,350, **Toray** Y9 to Y355, **Calpis** Y22 to Y486 and **Takeda Pharmaceutical** Y9 to Y850.

Among Steels, however, **Nippon Steel** put on Y3 to Y218, **Sumitomo Metal** Y4 to Y301 and **Nippon Kokan** Y3 to Y241. Some Defence-related issues were also higher, with **Fuji Heavy** up Y22 to Y510 and **Mitsubishi Heavy** Y5 to Y299.

Hong Kong

After advancing to a new record high last Friday, the market retreated sharply early yesterday in the wake of the one percentage point rise in local interest rates, announced after Friday's market close. However, falls were later trimmed by local bargain hunting, and the Hang Seng index, after receding 52 points, ending a net 32.28 below Friday's all-time peak at 1,777.92. Combined turnover on the four exchanges was a heavy HK$794.95m, but fell short of Friday's HK$876.19m.

Among the leaders, **Cheung Kong** lost 50 cents to HK$33.50, **HK Bank** 40 cents to HK$17.00, **HK Land** 30 cents to HK$12.10, **Jardine Matheson** 90 cents to HK$24.70 and **Swire Pacific "A"** 50 cents to HK$19.00.

Secondary issues followed the leaders down, although not as drastically and some showed net gains. **Trafalgar** ended 5 cents up at HK$7.15, **Associated Hotels** 20 cents firmer at HK$11.90 and **Carrian** 10 cents harder at HK$10.00.

Singapore

Share prices in Singapore, the world's best-performing stock market in the 1981 first-half, receded sharply yesterday as a wave of sellers continued to find little good news in neighbouring Malaysia and fixed on the bad news in Singapore. The Singapore Straits Times Industrial index fell 25.33 to 877.28, the severest single day drop since another "black Monday" last year, when the index fell about 27 points on September 29. Since hitting a record high of 973.26 on June 26, the index has now surrendered 96 points.

Observers cited a number of factors contributing to yesterday's weakness including a package of measures announced over the weekend by the Singapore Government aimed at curbing speculation in the property market, and also yesterday's marked downturn in Hong Kong stock prices.

Property issues were among the hardest hit. **United Overseas Land** dipped 24 cents to S$4.64, **Selanger Properties** S$1 to S$10, **Singapore Land** 90 cents to S$13.50 and **City Developments** 35 cents to S$5.05.

Haw Par, target of a take-over bid by **United Overseas Bank**, shed 10 cents to S$4.72, while the latter fell 35 cents to S$6.25.

Germany

An easier tendency prevailed in quiet trading.

However, **Preussag**, the metals, mining and enery group, surged DM 9.70 to DM 186.50 in brisk trading. Brokers noted that the company's stock comes highly recommended on the market because of its notable profit potential and good raw material management so far this year.

Paris

Bourse prices staged a good rally over a broad front in moderate trading, helped by institutional buying. The Indicateur de Tendance index recovered 2.5 to 88.8.

Matra, the high-technology group whose armaments division is to be nationalised, jumped FFr 100 to FFr 820.

Australia

Markets were mixed after slow trading. Dealers found it difficult to muster any enthusiasm, and when the **Hartogen Group** announced a strong gas flow from the Suart Basin Royston No. 1 well, only the more speculative participants managed to rise.

Royston flowed gas at 8.48m cubic feet a day and was immediately declared commercial because of its proximity to the Beldene field. **Hartogen** was unchanged at A$8.00, but partners **Cluff**, 57 cents, and **AOD**, A$1.30, hardened 3 cents apiece.

Traders seemed keen to abandon higher-priced Oils, and **Weeks**, which has not traded for some time, fell 90 cents to A$6.60, while **Santos** lost 14 cents at A$6.76.

BHP, due to release its annual results on Friday, slipped 15 cents to A$14.25.

CANADA

Stock	July 17	July 16
AMCA Intl	24¼	24¼
Abitibi	26	26
Agnico Eagle	11¼	11⅛
Alcan Alumin.	33⅞	34
Algoma Steel	43¼	43
Asbestos	41	40½
Bk Montreal	28⅞	28¾
Bk Nova Scotia	28	28
Basic Resources	10½	10½
Bell Canada	18⅝	18¾
Bow Valley	23	23½
BP Canada	52⅝	53½
Brascan A	34¼	34¼
Brinco	8⅛	8½
B. C. Forest	15¾	15⅞
CadillacFairview	51½	51½
Camflo Mines	27	27
Can Cement	13⅛	13¼
Can NW Lands	40⅛	40½
Can Packers	31¾	32⅛
Can Perm Mtg.	30¼	30¼
Can Trusco	30⅛	30⅞
Can Imp Bank	29	29
Cdn Inds	36¾	36¾
Cdn Pacific	51	51½
Can P. Ent.	24½	24½
Cdn Tire	33⅛	33⅛
Cherokee Res	9¾	9¼
Chieftain	27¾	27¾
Cominco	61½	60½
Cons Bathst A	27¼	27⅞

Indices

MONTREAL	July 17	July 16	July 15	July 14	1981 High	1981 Low
Industrials	400.45	402.28	398.83	397.03	409.56 (27/5)	356.28 (20/2)
Combined	372.32	375.10	370.82	367.57	375.16 (27/5)	339.34 (20/2)
TORONTO Composite	2389.30	2398.55	2371.69	2349.2	2378.8 (10/4)	2157.4 (28/2)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texasgulf	1,556,000	54⅞	−⅜	Tandy	527,800	31	+1¾
Conoco	860,700	87½	−⅞	Mobil	457,000	30⅞	−⅞
Phil. Petc.	775,800	45½	+3⅞	Exxon	423,700	34¾	−⅜
Diam. Sham.	589,500	37⅞	−⅞	Texas Intl.	343,500	34⅞	+2⅞
Nat. Can.	531,600	24¾	+⅞	East Gas F.	343,000	22⅞	−3¾

Report criticises UK fish marketing

BY MARK MEREDITH

SWEEPING CHANGES in marketing to revive the fortunes of the British fishing industry are proposed in a report to the Ministry of Agriculture and Fisheries published yesterday.

The independent report by three marketing advisers urged the industry to spend £3m on promotion of fish in the home market and recommended ways to reverse the decline in the number of fishermongers and help the ubiquitous fish and chip shop compete in the fast food sector.

It also called into question the effectiveness of the semi-official White Fish Authority to deal with marketing, characterising it as "essentially a well-intentioned bureaucracy rather than a well-equipped entrepreneurial organisation." It criticised the authority for allowing the politics of the industry to stifle marketing initiatives.

"We have to conclude that it has devoted itself too much to the building of boats rather than to the building of a brand," the authors charged.

The authority issues its annual report today which is expected to stress the problems of the industry with no common fishing policy in operation within the Common Market.

The three market advisers commissioned by the Ministry, Mr Robin Wight, Mr John Cross and Mr Dennis Stevenson, pointed out that fish remained more or less a constant proportion of the British household food budget. But this hid fundamental changes within the industry such as the tumble in the amount of fresh fish consumed per head—down two and one half times over the past decade.

With so much of the fish market now frozen, packaged or tinned, "a generation has grown up who have never really experienced fresh fish, who don't know how to buy it, and indeed probably believe that fish have fingers rather than fins."

The report urges the need for fish to develop an image less exclusively linked to price. Fish last year cost 13 per cent less than in 1978.

Imported fish had doubled its market share since 1977 from 18 to 35 per cent and the report looked at ways to enable the british fleet to catch more. Among its proposals was the promotion of new varieties to shift the emphasis away from cod. It suggested mackerel, saithe, whiting, hake, trout and at a later stage blue whiting and scad should be launched as new products.

Fishmongers in the UK had declined in numbers by 50 per cent in seven years. The 2,999 left according to the report, could avert further drop in sales through improved quality and storage of wet fish through research into chilling technology. It also proposed the development of mobile van trade which it suggested could more than double a fishmongers turnover.

The report suggested the creation of a fish promotion executive which could be part of the new Sea Fish Industry Authority which will shortly come into being, amalgamating the White Fish Authority and the Herring Industry Board.

Tin leads rise in metals

By Our Commodities Staff

TIN LED a general rise on the London Metal Exchange yesterday morning as speculative buying pushed the cash metal price to £7,450 a tonne at one stage. But after a late decline it closed £252.50 a tonne higher at only £7,312.50 a tonne.

Labour disputes in the U.S. continued to boost lead prices and the cash quotation ended £10.75 up at £439.25 a tonne, the highest level since April last year. Dealers said Soviet physical buying also encouraged the lead market.

Widest fluctuations were seen in the aluminium market which traded in a £30 range before finishing at £630.50 in the cash position, down £6 on the day. Heavy late profit-taking in this market was thought to have influenced the declines in other metals.

Copper was boosted by the news of further wildcat strikes in the Zambian copper belt but after the late decline cash metal finished £6 down at £903.50 a tonne.

Zinc, which climbed to new seven year highs last week, gained more ground early on but the cash quotation finished £4.25 down at £467.25 a tonne.

Last week London Metal exchange warehouse stocks fell 2,950 tonnes for copper, rose 605 tonnes for tin, fell 2,100 tonnes for lead, fell 825 tonnes for zinc, rose 4,225 tonnes for aluminium and rose 138 tonnes for nickel.

TROPICAL HARDWOOD

Indonesia takes a giant step

BY RICHARD COWPER IN JAKARTA

FOR OVER half a decade Indonesia has been the largest supplier of raw materials for Asia's plywood industry, which since 1968 has accounted for more than half of world plywood exports.

Now in a dramatic bid to capture for itself an important share of the world plywood market and oust South Korea and Taiwan from their position as the world's leading exporters, Indonesia is slashing its exports of logs by two-thirds and planning to spend around $1bn to build up its plywood industry.

Two years ago Indonesia exported over 18m cubic metres of South Sea logs, around 50 per cent of world tropical hardwood supply, but a series of new Government regulations, ultimately designed to stop log exports altogether, are expected to reduce this to less than 6m cubic metres this year.

The new regulations have brought howls of protest from exporters and importers alike, but to no avail. Indonesia, which last year exported a mere 250,000 cubic metres of plywood, is sticking to its guns and aims to become the world's leading exporter of plywood by 1982 when it plans to be selling around 1.6m cubic metres on the world market.

Last year the Government issued a decree that all timber concessionaires who had been operating for seven years or more should in future sell or process domestically 60 per cent of their log output before they would be allowed to earn an export licence for the remaining 40 per cent.

Many of Indonesia's 500 concessionaires rushed to the Indonesian Investment Board with applications to build plywood factories and sawmills while, according to the Government, 99 of the smaller concessions ceased operations altogether. Indonesia log exports fell dramatically to around 13m cubic metres—down 27 per cent from 18m in 1979.

In May this year the government pushed the knife in even further when it decreed that any concession holder who had not already installed or obtained a licence to set up a plywood mill and one other processing plant would not be allowed to export logs at all. Those who had a plywood mill in operation would be allowed to export 20 per cent of their log production, while those in the process of setting one up would be allowed for two years only, to export 66 per cent of their production.

Last year Indonesia exported an estimated 1.3m cubic metres of sawn timber and 283,000 cubic metres of plywood and veneer. This year the government says it aims to export 2m cubic metres of sawn timber and 850,000 cubic metres of plywood (these targets are considerably above those likely to be realised). By 1984 the government expects Indonesia to be exporting around 3m cubic metres of sawn timber and 3.9m cubic metres of plywood. Many believe that by 1984 all of Indonesia's log production will be processed domestically.

While the speed with which the Government has moved is likely to create considerable teething problems, there seems little doubt that sometime in the next three or four years Indonesia will be exporting more plywood than South Korea and Taiwan put together.

Those countries have already been forced to reduce their plywood capacity because of growing pressure from substitutes particularly in the U.S. market. They will not only find it difficult to compete with cheaper Indonesian plywood but it is unlikely that East Malaysia—the region's other large source of south sea logs—will be capable of filling the gap left by the removal of Indonesian logs from the market, even if it wanted to. In fact Sabah has for some time been reducing its own log exports and Sarawak may follow suit soon.

Indonesia's reduction of log exports could also hit the Japanese plywood industry hard. Last year Japan bought around 9m cubic metres of logs from Indonesia, well over 60 per cent of Indonesian exports and around 24 per cent of total Japanese wood imports of 37m cubic metres. More dramatically imports of Indonesian logs accounted for 47 per cent of Japanese tropical hardwood imports.

Japanese log imports from Indonesia could fall to around 9m cubic metres of logs from are likely to disappear altogether in perhaps two or three years' time.

Indonesia currently has over 30 plywood plants with an effective production capacity of 1.5m cubic metres in operation and 14 under construction. Over the next four years it plans to build 60 more with the ultimate goal of around 100 with a total capacity of around 7m to 8m cubic metres. The total investment needed is estimated at over $1bn.

Many argue that Indonesia's headlong rush into the wood processing industry is fraught with dangers, at least in the initial years. The government's targets, the say, are bound to create enormous teething problems.

They ask: who will construct so many plants so fast? How will timber concessionaires, most of whose experience has been in logging, ensure the stringent standards required by foreign buyers? And will the Government be able to provide sufficient infrastructure and port facilities to service such a rapid rate of growth?

No doubt there is much truth in such criticisms, and the Government's targets do appear extremely ambitious. However Indonesia holds a powerful trump card which will eventually swing things its way: it is one of the world's last remaining sources of sizable quantities of tropical hardwood. The country's withdrawal of log exports from the world market has already begun to re-shape Asia's multi-billion dollar timber trade, and most industry experts agree that, for plywood at least, the question is not so much whether Indonesia will become the world's top exporter, but when.

Action urged on farm subsidies

BY LARRY KLINGER IN BRUSSELS

MR PETER WALKER, the UK Agricultural Minister, yesterday called for a comprehensive attack on the vexed question of government subsidies to farmers within the EEC.

Mr Walker, who was chairing his first session as president of the Council of Farm Ministers, told his fellow Community Ministers that the European Commission had agreed to prepare a report on the longer-term workings of the Common Agricultural Policy and the use of government subsidies to farmers.

This issue has caused bitter friction between Britain, France and the European Commission. Britain has long complained that the French practice of providing large-scale direct aid to its farmers makes a nonsense of the idea of a common and fair market in EEC agriculture.

Mr Walker's announcement was not totally unexpected, since a longer-term review has been a declared aim of his term as president, but the speed with which it was organised surprised some Ministers, who nevertheless agreed, without comment, to the plan.

Mr Alick Buchanan-Smith, the UK Minister of State for Agriculture, who represents Britain while Mr Walker holds the six-month term as Council president, is expected to ask the Commission to spell out to the Council today the legal situation concerning the special £400m package that Paris presented to its farmers ahead of this spring's French presidential elections.

The commission recently said it was willing to drop its threat to take the case to the European Court of Justice but that it expected France to end its practice of direct aids.

The Agriculture Ministers, who have been virtually excluded from discussions so far on the planned restructuring of the EEC budget, are due to take up the subject collectively for the first time on October 19 and 20.

"I would also like us to take a longer-term look by examining the prospects for the next five years," Mr Walker said.

Most Ministers clearly welcomed an opportunity to air their longer-term views in the context of the planned budget restructuring.

While declaring that he did not expect the review to be completed during his presidency, Mr Walker said that it was vital to concentrate on longer-term prospects. "If we purely concentrate on the particular crises of the moment, we may be applying temporary expedients which create long-term problems."

On state aids, Mr Walker said that they were a real source of friction between member states and that this "needs to be eliminated or at least reduced if the CAP is to prosper."

He suggested that the EEC working party on conditions of competition might be made more effective in agriculture, and called on all the member states to submit their views to the Commission.

U.S. takes tough line on whaling

ANY COUNTRY that disregarded a whaling ban agreed at the International Whaling Commission would almost certainly be banned from fishing in U.S. waters, a U.S. Congressman warned yesterday.

The warning, issued as the commission began its annual meeting in Brighton, was clearly aimed at Japan, the world's biggest whaling nation, which has hinted that it would withdraw from the commission should a world-wide ban be agreed.

Congressman Peter McCluskey said Japan's fish catch in U.S. waters was worth far more than its total whale catch.

Australia threatens trade war with EEC

BY PATRICIA NEWBY IN CANBERRA

THE TRADE row between Australia and the EEC continued yesterday with a statement by Mr Doug Anthony, Australia's Deputy Prime Minister and Minister for Trade and Resources, indicating that Australia would continue to harry the Community within the General Agreement on Tariffs and Trade (Gatt).

Mr Anthony said Australia would continue to press "vigorously its case" against the EEC's subsidy practice on the production and export of sugar in spite of the Gatt's reluctance to establish a working party to monitor the EEC's policy.

The Gatt council decided last week to keep the matter under review until September 22 when a special session of the council will be held to consider the issue.

In the meantime it decided not to reconvene the working party which reported earlier this year that the EEC's practice of exporting sugar surpluses arising from the subsidies policy was hurting efficient sugar exporters such as Australia and Brazil, Cuba and the Dominican Republic.

Mr Anthony, who recently visited Brazil to discuss joint action against EEC sugar policies, said yesterday he had no doubt that the EEC would continue to face strong international pressure to modify its subsidy system.

Bitterness over the EEC's policy of exporting surpluses of agricultural goods which arise under the CAP has spilt over into other trade areas.

Australia is planning to withdraw preferences from EEC countries on a wide range of goods, and the EEC has indicated it is likely to retaliate against goods imported from Australia.

Last year Mr Anthony threatened to divert up to A$1bn (£609m) in Australian Government purchases from EEC countries unless safeguards were written into the EEC's sheepmeat regime to protect established sheepmeat producers like Australia from dumping on third markets surplus sheepmeat produced in the EEC under CAP subsidies.

Mr Anthony warned yesterday that the dispute-settlement procedures of the Gatt were at risk over the sugar question.

He said the EEC was claiming that its new sugar regime, which came into operation on July 1, was in conformity with the Gatt and that the matter was now closed.

BRITISH COMMODITY MARKETS

BASE METALS

TIN prices surged ahead on the London Metal Exchange as heavy speculative buying and stop-loss buying lifted forward metal to £7385 before a close of £7330. A backwardation of £50 was established at one point despite the rise in stocks. ALUMINIUM jumped from £657 to £678 in the wake of heavy speculative buying but fell sharply in the afternoon as heavy profit-taking prompted substantial stop-loss selling which saw the price collapse to £645 prior to a close of £647. LEAD touched £441 but fell back to close at £435.5 while ZINC weakened from a day's high of £487 to close at £474 reflecting the sell-off in aluminium. NICKEL was finally £3345.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	911.5-2	+9	903-4	—6
3 months	937-.5	+11	929-.5	—5
Settlem't	912	+9	—	......
Cathodes				
Cash	906-8	+9.5	897-9	—7.25
3 months	928-9	+10½	919-20	—6.5
Settlem't	908	—10	—	......
U.S. Prod.	—		*80-5	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £935, 35.5, 38, 37, 37.5, 38, 37.5, 37, 36.5, 38, 37, 36.5, 37, 37.5, 37. Kerb: Wirebars, three months £937, 37.5, 38, 38.5. Afternoon: Wirebars cash £904: three months £936, 35.5, 35, 34.5, 34, 33, 28, 29, 28.5, 29, 29.5, 29. Cathodes, three months £919. Kerb: Wirebars, three months £929, 28, 27.5. Turnover: 21,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	441-2	+16½	438.5-40	+15½
3 months	439.5-40	+15	437-.5	+9.5
Settlem't	442	+16.5	—	......
U.S. Spot	—	......	*41	......

Lead—Morning: Cash £443, 42; three months £438, 33, 38.5, 39, 39.5, 40, 39.5. Kerb: Three months £439.5, 40. Afternoon: Three months £439, 39.5, 40, 41, 39, 38, 37.5. Kerb: Three months £435, 36, 36.5, 38. Turnover: 11,575 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7420-7450	+430	7305	—20
3 months	7385-90	+285	7320	—4
Settlem't	7340	+430	—	......
Standard				
Cash	7420-7450	+450	7305	—20
3 months	7385-90	+285	7320	—30
Settlem't	7430	+430	—	......
Straits E.	$831.10	+0.09		......
New York	—	......		

Tin—Morning: Standard, cash £7445, 50: three months £7150, 70, 80, 90, 7200, 20, 30, 50, 60, 80, 90, 7300, 10, 20, 30, 50, 70, 75, 80, 85, 90, 85. Kerb: Standard, cash £7390: three months £7380, 70, 60, 50, 55, 50, 40, 30, 40, 50. Afternoon: Standard, cash £7360; three months £730, 35, 40, 30, 10, 20. Kerb: Standard: three months £280, 90, 7300, 10, 20, 30. Turnover: 1970 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	477-8	+5.25	466.5-8	—4.25
3 months	486.5-7	+8	476.5-7	—5
S'ment	478	+5.5	—	......
Primw'ts	—	—	*46.5	......

Zinc—Morning: Cash £477.5; three months £485, 84.5, 85.5, 85, 85.5, 86, 86.5, 86. Kerb: Three months £487, 86.5. Afternoon: Three months £485, 84.5, 80, 79, 78.5, 78, 77, 76.5, 76, 78.5, 77. Kerb: Three months £477, 76, 75, 74, 74.5. Turnover: 21,825 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	651-.5	+14.7	630-1	—6
3 months	671.5-2	+28.2	650-1	—6.25

Aluminium—Morning: Cash £451; three months £659, 61, 62, 63, 64, 66, 65, 66, 68, 70, 71, 71.5, 72, 71.5, 71, 71.5. Kerb: Three months £671, 71, 72, 71.5, 72, 73, 74, 75. Afternoon: Three months £667, 66, 65, 63, 61, 60, 57, 55, 56, 57, 56, 55, 54.5, 54, 53, 52.5, 52, 50, 51. Kerb: Three months £650, 49, 48, 47, 46, 45, 47, 49, 50, 49.5, 50, 49, 48, 47.5, 47. Turnover: 17,875 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3325-35	+55	3328-30	+49
3 months	3345-50	+15	3343.5	+24

Nickel—Morning: Three months £3350, 45, 40, 45. Afternoon: Three months £3350, 45, 48, 45. Kerb: Three months £3350. Turnover: 1,734 tonnes.

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 0.5p an ounce lower for spot delivery in the London bullion market yesterday at 473.85p. U.S. equivalents of the fixing levels were: spot $8.875, down 0.5c; three-month $9.281, up 2.4c; six-month $9.7, up 3.3c; and 12-month $10.392, up 3.2c. The metal opened at 472-477p ($8.85-8.95) and closed at 462-467p ($8.65-8.75).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	473.85p	—0.5	468.0p	+8.5
3 months	489.75p	+0.8	483.5p	—8.0
6 months	507.55p	+1.55	—	......
12 months	539.55p	+1.55	—	......

LME—Turnover: 142 (171) lots of 10,000 ozs. Morning: Cash 474.5; three months 491, 91.5, 92, 91.5, 90. Kerb: Three months 491, 91.5, 91. Afternoon: Three months 481, 83. Kerb: Three months 482, 83, 82.

COCOA

Futures remained steady in thin trading conditions during a featureless day to close with gains of £10. Actuals business was quiet with both producers and consumers withdrawn from current levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	1064-65	—5.5	1064-58
Sept.	1081-82	+10.0	1084-55
Dec.	1118-19	+8.0	1125-07
March	1125-38	+8.0	1143-28
May	1104-40	—0.5	1153-43
July	1150-56	—2.5	1165
Sept.	1160-71	+7.0	—

Sales: 1,025 (2,747) lots of 10 tonnes.

ICCO Futures—Daily prices for July 17: 93.01 (94.68); five-day average 94.60 (94.48).

COFFEE

Rumours of lower temperatures in Brazil lifted values before profit-taking and trade house selling eradicated early gains, reports Drexel Burnham Lambert. The afternoon saw a far steadier market as prices rose in line with New York to recover to the day's highs.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	850-48	+29.0	841-25
Sept.	864-62	+20.0	865-42
Nov	860-61	+26.5	864-35
Jan	850-58	+26.0	865-32
March	850-46	+20.0	850-31
May	850-45	+19.0	835
July	850-40	+35.0	—

Sales: 5,049 (4,822) lots of 5 tonnes.
ICO Indicator prices for July 16: (U.S. cents per pound): Comp. Daily 96.63 (95.96): 20-day average 93.26 (93.29).

GAS OIL FUTURES

After opening unchanged the market fell sharply in very thin trading. It later bounced back on expectations, and realisation, of a strong New York market before drifting back to close near the lows.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
July	280.00	—3.00	306.00-02.00
August	305.75	—3.25	307.00-05.50
September	305.25	—1.75	306.00-05.00
October	306.00	—3.00	307.50-05.50
November	309.50	—1.75	310.00-08.50
December	312.75	—1.75	312.00-11.00
January	315.50	—2.00	316.00-14.00
February	318.50	—1.50	319.00-17.00
March	320.75	—1.50	322.00-21.00

Turnover: 921 (1,301) lots of 100 tonnes.

GRAINS

The market opened unchanged wheat and barley traded quietly higher until late in the morning session when good shipped demand pushed barley and wheat higher. Nervous shortcovering pushed prices up further before hedge selling and profit trimmed values, reports Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
Sep.	103.15	+0.55	97.80	+0.45
Nov.	107.25	+0.75	101.90	+0.40
Jan.	111.30	+0.80	105.90	+0.45
Mar.	115.40	+0.80	109.50	+0.80
May.	118.75	+0.85	112.85	+0.45

Business done—Wheat: Sept 103.20-102.75, Nov 108.00-106.65, Jan 112.00-110.65, March 115.90-114.75, May 119.15-118.30. Sales: 154 lots of 100 tonnes. Barley: Sept 98.20-97.50, Nov 102.50-111.50, Jan 106.00-105.85, March 109.70-109.00, May 113.00-112.40. Sales: 181 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: E. Mids. 92.90, N. East 94.00. The UK Monetary Co-efficient for the week beginning Monday July 27 is expected to remain unchanged.

RUBBER

The London physical market opened easier, with little interest throughout the day, closed dull. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 233.5 (240.00) cents a kg and SMR 20 209.0 (213.0).

No 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
August	58.50	60.40-61.20	58.70
Sept	59.80	61.40-62.00	60.50
Oct-Dec	61.10-61.50	62.70-62.80	62.00-61.10
Jan-Mar	65.80-65.70	65.10-65.20	64.50-63.40
Apl-Jne	68.00-65.50	67.80-68.00	67.00-66.70
Jly-Sept	69.50-69.70	70.80-71.00	69.80
Oct-Dec	72.50-72.80	73.90-74.00	72.40
Jan-Mar	75.40-75.50	76.60-76.90	75.60
Apl-Jne	78.40-78.50	79.60-80.01	

Sales: 318 (168) lots of 15 tonnes: nil (nil) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 58.50p (59.50p); Aug 57.75p (59.25p); Sept 58.50p (59.75p).

SOYABEAN MEAL

The market opened unchanged and drifted on trade selling, reports T. S. Roddick. Good weather over weekend in U.S. growing areas pressured prices and market closed £2.50 to £3.50 lower.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	152.80-52.9	—1.8	154.00-53.00
October	134.10-34.4	—3.65	137.80-34.50
December	138.40-38.6	—3.45	141.80-38.20
February	141.50-42.0	—3.2	142.00
April	145.50-46.0	—1.25	—
June	145.00-46.0	—1.5	—
August	145.00-50.0	+0.50	—

Sales: 138 (95) lots of 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 54 tonnes. But purchasing was a little more intensive compared with the beginning of last week. Users were still reluctant to operate freely in view of the weaker trend in values, and demand was light.

SUGAR

LONDON DAILY PRICE—Raw sugar £212.00 (£219.00) a tonne cif July-Aug-Sept shipments. White sugar daily price £230.00 (£237.00).

The market opened some 150 points below pre-weekend levels and then drifted in quiet conditions. Losses of some £2 were recorded before a better tone developed at the close, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	208.00-08.25	215.05-15.25	215.50-08.00
Oct.	209.10-09.25	215.50-15.60	214.50-08.00
Jan.	207.75-08.25	212.25-12.75	209.00
March	211.00-11.25	216.50-16.70	216.50-10.00
May	212.50-12.75	217.00-17.25	218.50-12.25
Aug	215.50-14.50	218.50-19.00	216.65-14.50
Oct.	214.50-16.50	220.00-20.50	—

Sales: 5,397 (4,595) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was 360.4 (same) a tonne for home trade and £320.50 (£328.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 18: Daily price 16.74 (16.78); 15-day average 16.01 (15.95).

Sugar (FFrs per tonne): Oct 2350/60, Nov 2335/70, Dec 2300/20, Mar 2365/75, May 2395/415, July 2405/60, Aug 2425/508, Oct 2440/510, sales at call 1.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business). Australian cents per kg. July 499.0, 500.0, 500.0-499.0; Oct 500.3, 501.0, 501.5-500.5; Dec 508.0, 508.9, 509.0-508.0; March 519.2, 519.4, 519.5-518.0; May 525.5, 526.0, 526.0-525.0; July 532.0, 534.0, 532.0; Oct 529.0, 530.0, 529.0; Dec 532.0, 534.0, 533.0-532.0. Sales: 174.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug 410, nil; Oct 400, 410; Dec 406, 408; nil; Jan 409, 411, 410-409; Mar 420, 422, 421-420; May 427, 431, 431-413; Aug 436, 440, 440; Oct 440, 443, 441; Dec 441, 444, 443; Jan 441, 447, 444. Sales: 35.

POTATOES

LONDON POTATO FUTURES—The market was steadier before dipping at midday to show losses of £1-£1.30. Prices rallied again after lunch to close steady at or near the highs, reports Coley and Harper. Closing prices: Nov 80.00, +3.50, (high 80.00, low 76.50); Feb 88.50, +1.00, (high 89.00, low 88.50); April 99.80, +2.20, (high 100.00, low 96.30). Turnover: 695 (513) lots of 40 tonnes.

TEA AUCTION

TEA AUCTIONS—28,260 packages were on offer at yesterday's London tea auction. There was more demand than of late. Best and brighter medium Africans met with good competition at fully firm to dearer rates, while grainy Dusts in this category 4-5p higher by the close. Plainer medium were irregular but Dusts gained ground apart from powdery types. Ceylons were quite well supported at steady rates, with dusts dearer except the smallest types. Quotations: Quality 129p (128p) per kilo; Medium 104p (same) per kilo; Plain No quotation (same).

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 72.0 to 77.0; Ulster hindquarters 80.0 to 85.0, forequarters 55.0 to 57.0; Eire hindquarters 80.0 to 84.0, forequarters 55.0 to 58.0. Lamb: English small [illegible], medium 48.0 to 50, heavy 48.0 to 52.0. Imported frozen: New Zealand PL 58.0 to 60.0, PM 55.0 to 58.0. Pork: English, under 100 lb 45.5 to 51.0, 100-120 lb 48.0 to 50.0, 120-160 lb 38.0 to 49.0.

MEAT COMMISSION—Average fat-stock prices at representative markets on July 18. GB Cattle—87.54p per kg lw (—2.91) UK Sheep—125.29p per kg est dcw (—21.51); GB Pigs—69.70p per kg lw (—5.10).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 5.10, 56 5.90, 72 5.95, 88 5.35, 112 4.90, 138 4.85, 160 4.40; Californian: 72/113 6.60-7.50. Lemons—Spania: boxes 5.50-6.50, trays 25/50 2.00-2.80; Californian: 95/145 4.00-5.50; Outspan: 80/195 6.00-7.50; [illegible] —Spanish: Liria 3/5 3.50-4.50; Egyptian: 4.00. Potatoes—Jersey: new, per 55-lb 3.00; Cyprus: 44-lb bags 5.20. Capsicums—Dutch: 5-kilos green 3.60, red 4.60; Italian: 6-kilos green 3.00. Aubergines—Dutch: 5-lb 3.60. Cabbages—Dutch: white 7.80, red 5.00. Fennel—Per 12-lb 2.80.

English Produce: Potatoes—Per 56-lb Kent 2.50-2.60, Essex 2.60-2.60, Lincoln 2.50-2.60. Mushrooms—Per pound open 0.25-0.30, closed 0.60-0.70. Apples—Per pound Bramley 0.10-0.16. Cauliflowers—Per 12 Lincoln 2.60-3.20. Cabbages—Per bag spring 22-lb 1.00-1.50, Primo 20-lb 1.50-2.50. Lettuce—Per 12 round 1.00-1.40, Cos 10/12 2.00. Tomatoes—Per 12-lb D [illegible]-1.80, E 1.50-1.60. Radishes—Per pack of 12 x 8oz 1.60, bunches of 16 1.60. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.20-3.80. Celery—Per 15/24 2.50-3.50. Cucumbers—Per 10/20 1.20-1.60. Gooseberries—Per pound, 12-lb Levellers 0.10-0.30. Broad Beans—Per 24-lb 0.08-0.09. Peas—Per 20-lb net 1.00-1.60, Per 40-lb 2.50-3.50. Carrots—Per 26/28-lb 1.50-3.00. Strawberries—Per ½-lb 0.20-0.35. Raspberries—Per ½-lb 0.25-0.30. Beetroot—Per 28-lb 1.50-2.00. Marrows—Each 0.12-0.16. Cherries—Per pound 0.50-0.70. Fennel—Per 11-lb 3.85.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.60, codlings £2.00-£3.60; Large haddock £3.80-£4.20, medium £2.00-£3.60, small £1.60-£2.20; Large plaice £4.20-£5.30, medium £4.00-£5.20, best small £3.00-£4.20; large skinned dogfish £5.50-£6.80, medium £4.00-£6.00; Lemon soles, large £7.50, medium £7.00; Rockfish £2.20-£2.80; Saithe £2.00-£3.30.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 16 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1150/1180	......	$1215/124
Copper			
Cash w'bar	£905.50	—6.00	£854.0
3 mths	£929.25	—5.00	£888.75
Cash Cathode	£898	—7.25	£857.0
3 mths	£919.50	—6.50	£876.75
Gold troy oz	$412.0	—5.00	$452.5
Lead Cash	£439.25	+10.75	£366.5
3 mths	£437.25	+9.50	£372.75
Nickel	£3,850.50	......	£3,584.50
Freemkt	275/295c	......	275/295c
Platin'mtr'y oz	£247.0	......	£247
Freemkt	£219.50	—4.55	£228.50
Quicksilver†	$430/435	......	$420/430
Silver troy oz	473.85p	—0.5	507.55p
3 mths	489.75p	......	522.95p
Tin Cash	£7,312.50	+252.5	£6,3,775
3 mths	£7,325	+227.5	£6,567.5
Tungsten 22.04lb	$143.64	......	$145.09
Wolfrm 22.04 lb	$149/152	......	$147/148
Zinc Cash	£467.25	—4.25	£439.0
3 mths	£476.75	—3.0	£436.5
Producers	$925	......	$925
Oils			
Coconut (Phil)	$590w	—10.0	$585.0
Groundnut	‡	......	$605.0
Linseed Crude	£452	......	£442
Palm Malayan	$580x	—2.0	$620.0
Seeds			
Copra Philip	$370w	......	$370.0
Soyabean (U.S.)	$305.5z	—1.5	$293.5
Grains			
Barley Fut. Nov	£101.90	+0.40	£95.15
Maize	£128	......	£127.5
Wheat Fut. Nov	£107.25	+0.75	£100.05
No2 Hard Wint	£115.75z	......	£110.00
Other commodities			
Cocoa ship't*	£1121.5	+9.5	£855.0
Future Sept	£1081.5	+10	£794.5
Coffee Ft' Sept	£863	+20	£745.5
Cotton A. index	85.85c	—0.10	87.50c
Gas oil Aug	$303.75	—1.75	$282.25
Rubber (kilo)	58.50p	—1	59.5p
Sugar (Raw)	£212w	—7	£208.0
Woolt'ps 64s kl.	387p kilo	+1	381p kilo

‡ Unquoted. y Aug-Sept. w July-Aug. z Aug. x Sept. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, July 20.

Precious metals and copper came under heavy pressure as interest rates rallied in the futures markets. The Livestock complex was sharply lower as traders protected their positions ahead of two major government reports. The grains and soyabeans suffered major declines following favourable growing conditions this past weekend. Coffee prices finished with limit advances on reports of cold temperatures in Brazil. Cocoa was virtually unchanged in a thin market. Cotton traded in a narrow range and was mostly mixed. Heating oil rallied sharply on local buying but could not hold its best gains. Sugar was moderately lower on light speculative selling and commercial support just under the market, reported by Heinold.

Orange Juice—July 120.60-120.75 (123.00), Sept 128.50-126.81 (125.15), Nov 130.4, Jan 133.40-133.90, Mar 135.25-135.55, May 136.85-137.25, July 138.45-139.00, Sept 140.05-140.50, Nov 141.65-142.20. Sales: 2,500.

Potatoes (round whites)—Nov 73.8-74.0 (74.5), Feb 84.7 (86.5), March 87.9, April 100.5. Sales: 573.

CHICAGO, July 20.

Live Hogs—July 52.40-51.85 (52.75), Aug 51.60-51.75 (52.60), Oct 49.60-49.75, Dec 52.20-52.25, Feb 53.80-53.95, April 53.00, June 55.90, July 56.10, Aug 54.30.

Live Cattle—Aug 65.80-65.70 (66.05), Oct 62.75-62.85 (63.42), Dec 63.60-63.70, Feb 64.25-64.30, April 65.25, June 66.10-66.25.

Pork Bellies—July 52.60-52.80 (52.20), Aug 52.00-51.80 (52.00), Feb 65.00-65.10, March 65.20-65.10, May 66.10, July 67.20, Aug 66.80.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

INDICES

FINANCIAL TIMES

July 17	July 16	Month ago	Year ago
262.75	262.32	248.69	272.61

(Base: July 1, 1952=100).

MOODY'S

July 17	July 16	Month ago	Year ago
1068.2	1070.0	1086.0	1181.0

(December 31, 1931=100)

DOW JONES

Dow Jones	July 17	July 16	Month ago	Year ago
Spot	380.65	382.39	375.81	453.17
Fut'rs	385.65	387.09	378.47	449.20

(Average 1924-25-26=100).

REUTERS

July 20	July 17	M'nth ago	Year ago
1703.6	1703.4	1749.7	1703.4

(Base: September 18, 1931=100)

Australia seeks new sugar deal with Japan

BRISBANE — Australia is not pursuing negotiations for a new long-term sugar supply contract with Japan along the lines of the previous one signed in 1975, Queensland Primary Industries Minister Mr Mike Ahern said.

His representatives would "instead seek a special trading arrangement that would give price insulation to Australian producers and Japanese refiners, he said following talks in Japan with refiners and Government officials.

Mr Ahern said a new long-term contract would not be feasible because of the present state of the Japanese refining industry which is suffering from severe over-capacity.

The 1975 contract for 600,000 tonnes a year was originally drawn up on a fixed price basis but had to be renegotiated in 1977 because of a slump in world prices.

When it expired on June 30 it was replaced by an interim agreement covering the sale of 700,000 tonnes up to the end of 1982.

Mr Ahern said Japan would remain Australia's main export customer and had made approaches to buy more than the 700,000 tonnes covered in the interim agreement.

World fishmeal output

WASHINGTON — World fishmeal production this year is forecast at 4.5m tonnes, unchanged from revised estimates for 1980 output, the U.S. Agriculture Department said.

In a circular on oilseeds and related products, the USDA said latest estimates reflect downward revisions in output in the main producing countries such as Chile, Denmark, Iceland and the Soviet Union.

LONDON STOCK EXCHANGE

No relief from interest rate pressures—Gilt-edged at 4½-year low and equity index loses 9.7 to 514.0

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 13	July 22	July 23	Aug 3
July 24	Aug 6	Aug 7	Aug 17
Aug 10	Aug 26	Aug 27	Sept 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Aug 10 Aug 26 Aug 27 Sept 7

The Bank of England's provision of further cash in money markets yesterday with the intention of imparting some stability after Friday's sharp rise in near rates failed to convince London stock markets. The increasing upward pressure on banks' base rates and the continuation of near-record U.S. interest rates again blunted investment initiative. This was particularly noticeable in Government securities with yields on selected longer-dated issues approaching 16 per cent.

Once again, the weakness of Gilt-edged securities reflected continued reluctance on the part of institutional buyers as much as further small sales from nervous holders. The afternoon move by the Bank triggered a tentative recovery, but quotations began to slip again later and longer-dated maturities closed with fresh falls stretching to ¾. In marked contrast, renewed small demand for Transport 3 per cent 1978-88 found little stock available and the price rose ½ to 61.

The developments in money markets found some reflection in short-dated Gilts. In this area, early losses of around ¼ were often reduced to only ⅛ with certain low-coupon issues providing the exceptions. Treasury 3 per cent 1985 and Exchequer 3 per cent 1984 both lost ⅛, to 74⅝ and 80⅞ respectively. Measuring the overall tone, the FT Government Securities fell 0.31 more to 63.14, its lowest for 4½ years.

The grim IMF report on world economic trends added to the equity market's problems. Dearer money fears upset recently-firm Properties, while persistent small profit-taking pared last Friday's big rises in the clearing banks. Lloyds came back 12 to 408p. Leading industrial shares also sustained double-figure losses in places, GEC losing 13 to 715p. The weakness in the leaders was measured by a closing fall of 9.7 in the FT 30-share index to 514.0. Distillers, down 8 at 218p, remained out of favour along with ICI, Glaxo and Hawker Siddeley, which showed similar falls.

Demand for Traded options remained relatively small and 1,292 deals were arranged yesterday compared with last week's daily average of 1,398. Commercial Union attracted 222 calls, while Marks and Spencer recorded 179 calls and Courtaulds 101.

Yesterday saw the debut of Aerospace Engineering in the Unlisted Securities Market; the shares opened at 172p and dipped to 160p on stag selling before closing at 164p compared with the offer price of 153p.

Banks react

Strong late on Friday following Lloyds' better-than-expected interim results, the major clearers became unsettled and sustained losses extending to 18. Midland lost that much, to 332p, while Lloyds, at 408p, gave up 12 of Friday's gain of 20. Barclays, 442p, and NatWest, 412p, shed 13 apiece. Elsewhere, Arbuthnot Latham, down another 10 at 290p, remained weak following the suspension of two directors pending the outcome of inquiries in connection with stockbrokers Halliday Simpson. Speculative counter Grindlays shed 7 more to 223p. Discounts turned dull with gilts, Union losing 15 to 455p. Alexanders shed 5 to 250p following the interim report.

Breweries were marked sharply lower in a vain attempt to establish a trading level. Bass ended 5 cheaper at 218p, while Whitbread closed 3 down at 162p. Allied, 69p, and Scottish and Newcastle, 54½p, both shed 2. Elsewhere, Distillers, lower on Friday reflecting the annual results, were marked 8 easier at 218p.

Leading Building issues followed the general trend. Blue Circle shed 6 to 462p, while BPB, 241p, and Tarmac, 364p, lost 3 apiece. Elsewhere, John Finlan, up 18 last week on speculative buying ahead of the announcement that the company was involved in discussions with an unnamed party, shed 4 to 154p, while Wiggins Construct, 9 higher on Friday on the return to profitability, shed a like amount to 62p. Against the trend, J. Jarvis rose 6 to a 1980 peak of 212p in a thin market, while the appearance of a single buyer left Wettern Brothers 7 dearer at 75p.

ICI, second-quarter results next week, shed 8 to 260p, while Fisons relinquished 6 to 133p. Among other Chemicals, William Ransom hardened 3 to 226p ahead of tomorrow's preliminary results. Dealings in Catalin resumed at 70p and closed at 69p compared with the suspension price of 68p following the 70p per share bid from Ruberoid, unchanged at 86p.

Cornell Dresses flat

Lack of investment incentive continued to inhibit leading Stores which closed with falls to 11: Gussies "A" declined that much to 437p, while Mothercare shed 6 to 198p and W. H. Smith 4 to 155p. Secondary counters also lacked support. Adverse comment prompted selling of Cornell Dresses which closed 13 down at the day's lowest of 162p; Polly Peck dipped 8 to 343p, after 340p, while Wearwell lost the turn to 88p; the last-mentioned following a sale and leaseback deal. MFI, on the other hand, found support in front of preliminary results, due on Thursday, and ended 3 dearer at 61p.

Dullness in the Electrical leaders mainly reflected the absence of support. GEC lost 13 to 715p and falls of 5 were common to Plessey, 327p, and Racal, 405p. Against the trend in secondary issues, Concord Rotaflex advanced 6 to 55p, after 58p, on the return to the dividend list and the recovery in half-yearly profits, while Automated Security finished a few pence harder at 368p following the preliminary results. Chloride were quoted ex rights to the new convertible preference shares at 25p, down 5; the new opened at 15p premium and fell away steadily to close at 2½p premium.

Conditions in the Engineering sector were subdued with leading issues drifting down on sporadic offerings and lack of support. Hawker gave up 8 to 318p and falls of 4 were recorded in GKN, 130p, and Tubes, 128p. Scattered falls in secondary issues included Hall Engineering, 5 lower at 168p, and Babcock International, 4 down at 105p. Reflecting the passing of the interim dividend and half-year loss, Meggitt weakened 3 to 11p. Braham Miller, however, firmed 3 more to 21p, following last week's announcement that Fieldwood Limited had acquired a stake in the company; it was announced yesterday that the price paid for the shares was 18⁵⁄₁₆p.

British Sugar, still unsettled by talk that the Government might be preparing to sell its 24 per cent stake in the company, shed 5 more to 315p. Unigate came on offer and gave up 4 to 100p. Elsewhere in Foods, G. F. Lovell dropped 10 to a 1980 low of 60p on the sharply reduced interim profits and dividend omission.

Vinten up sharply

Leading miscellaneous industrials followed the downward trend, Glaxo reacting 8 to 366p, Beecham 5 to 201p and Reed International 6 to 233p. Elsewhere, Vinten contrasted with a jump of 28 to 302p in response to the increased dividend and annual profits, while Initial Services, also reflecting good preliminary results, advanced 10 to 226p. Sporadic offerings left Smiths Industries 8 cheaper at 355p and Sothebys 12 lower at 435p, while Aeronautical and General eased 10 more to 385p in a limited market. Ropner encountered offerings following the chairman's forecast of lower profits, the ordinary reacting 12 to 213p and the A 15 to 207p. Favourable Press mention lifted Braby Leslie 3 to 49p while revived demand in a difficult market prompted a rise of 15 to 225p in Barget and fresh support left Sidlaw 6 to the good at 176p.

Dowty became a nervous market ahead of today's full-year figures and fell to 278p before settling for a net loss of 5 at 281p.

William Collins provided the focus of attention among otherwise subdued Printing counters; news that the hotly-contested offer from News International had been allowed to lapse saw the ordinary close 7 lower at 223p, after 220p, and the A 12 down at 148p; News International held at 115p.

Dull on Friday following adverse Press comment, Properties came under further pressure on interest rate worries and closed with widespread losses. The leaders managed to edge off the bottom, but Land Securities, after 326p, still finished 10 down at 328p, and MEPC closed 8 off at 230p, after 228p. Great Portland Estates, 234p, and Stock Conversion, 363p, sustained similar falls, while Hammerson A declined 20 to 635p. Town and City shed 1½ to 26½p, but British Land, down to 96p initially, picked up to close ½ dearer on balance at 98p following news that the preliminary results are to be announced today.

Gaelic advance

Favourable weekend Press mention helped selected Oil shares resist the general downward trend with Gaelic outstanding at 340p, up 15. KCA improved 6 to 154p and Candecca closed a few pence firmer at 204p after touching 210p while Ultramar rose to 480p before closing a net 4 up at 472p. Leading issues gave a little ground, BP easing 4 to 298p and Shell a similar amount to 366p.

In Textiles, Stroud Riley Drummond, up 4 last Friday closed another penny to the good at 79p following the return to profits and the proposed 100 per cent scrip issue.

Quiet mines

Interest in mining markets dwindled to minimal levels. South African Golds opened on a steady note, but showed little movement either way although a number of the heavyweight issues ended above Friday's closing levels reflecting American demand in Friday's late trade.

The Gold Mines index rose 2.3 to 335.2 while the bullion price was finally $6 easier at $412 an ounce.

Among the heavyweights, Western Deep closed ½ up at £22 and Randfontein ¼ firmer at £24. East Rand Proprietary, on the other hand, met sellers and dropped 11 to 614p following news of a strike at the mine.

Financials remained subdued. In the South Africans, UC Investments rose 10 to 560p and De Beers 2 to 394p. Middle Wits, however, dipped 10 to 710p; the quarterly report from the company's 24 per cent-owned Prieska base-metals mines is expected tomorrow.

Australians were mixed in quiet trading. The oil-shale stocks continued their recent rally with Central Pacific Minerals 5 up at 80p, Southern Pacific Petroleum 4 higher at 36p and International Mining 4 better at 32p.

In the leaders, CRA managed a 2 rise to 258p following the signing of contracts for the supply of coal from its Blair Athol project worth around A$3bn over 15 years.

Elsewhere Coppers were highlighted by Messina, 10 up at 335p and Tins by Geevor, a like amount firmer at 120p.

FINANCIAL TIMES STOCK INDICES

	July 20	July 17	July 16	July 15	July 14	July 13	A year ago
Government Secs.	63.14	63.45	63.60	64.09	64.37	64.61	72.54
Fixed Interest	65.51	66.18	66.34	66.89	66.37	66.46	73.76
Industrial Ord.	514.0	523.7	529.5	533.7	531.9	522.1	486.0
Gold Mines	335.2	332.9	335.9	316.0	314.9	315.4	558.8
Ord. Div. Yield	6.16	6.05	6.00	5.96	5.98	5.95	7.50
Earnings, Yld. % (full)	11.81	11.60	11.57	11.46	11.62	11.58	17.72
P/E Ratio (net) (*)	10.63	10.82	10.93	10.91	10.87	10.87	6.90
Total bargains	16,632	17,350	16,451	16,945	18,093	18,036	24,805
Equity turnover £m.	—	171.07	143.64	119.96	106.75	106.13	137.83
Equity bargains	—	12,674	13,120	11,567	15,145	15,267	16,408

10 am 522.0, 11 am 519.9, Noon 518.0, 1 pm 518.0, 2 pm 515.8, 3 pm 515.7.

Latest Index 01-246 8026.

*Nil=9.79.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/8)	63.14 (20/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/8)	65.51 (20/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 17	July 16
Daily		
Gilt Edged Bargains	171.6	177.9
Equities Bargains	85.1	85.8
Value	345.8	290.3
5-day Avrge.		
Gilt Edged Bargains	195.2	202.2
Equities Bargains	88.5	86.2
Value	257.7	248.1

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (38)

BRITISH FUNDS (2)
Treas. Variable '82 Treas. Variable '83

AMERICANS (3)
CBS Union Carbide
Sun Co. Inc.

CANADIANS (1)
Royal Bk. of Canada

BUILDINGS (1)
Jarvis (J.)

CHEMICALS (2)
Catalin Ransome (Wm.)

ELECTRICALS (1)
Thorn EMI

ENGINEERING (4)
Braham Millar Farmer (S. W.)
Cohen (A.) Firth (G. M.)

FOODS (2)
Banks (Sidney C.) Hinton (A.)

INDUSTRIALS (10)
Black (P.) Sale Tilney
Bors-Warner Schlumberger
Dover Corp. Sidlaw
Elliott Gp. of Peterborough Stag Furniture
Exxon Viston

TEXTILES (2)
Beales (J.) Stroud Riley

TRUSTS (9)
G.T. Japan Rolinco NV
General Funds Do. Subs. Shs.
Gresham Trust Winterbottom
Robeco (Br.) Investment Co.
Do. Sub. Shs.

OIL & GAS (1)
Gaelic Oil

NEW LOWS (111)

BRITISH FUNDS (66)
INTERNATIONAL BANK (1)
CORPORATION LOANS (4)
COMMONWLTH. & AFRICAN LOANS (1)
LOANS (3)
FOREIGN BONDS (2)
BANKS (6)
CHEMICALS (1)
DRAPERY & STORES (4)
ELECTRICALS (1)
ENGINEERING (5)
FOODS (1)
INDUSTRIALS (4)
LEISURE (1)
MOTORS (2)
PAPER (1)
TEXTILES (1)
TOBACCOS (1)
TRUSTS (1)
OIL & GAS (1)
OVERSEAS TRADERS (2)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	73	16
Corpns. Dom. and Foreign Bonds	2	29	40
Industrials	114	420	836
Fin. and Props.	38	175	288
Oils	2	37	33
Plantations	—	11	12
Mines	49	42	76
Others	37	37	97
Totals	288	849	1,398

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	442	−13	Lloyds Bank	408	−12
Collins (Wm) A	148	−12	MEPC	230	− 8
Dowty	281	− 5	Midland Bank	332	−18
Initial Services	226	+10	NatWest Bank	412	−13
KCA	154	+ 6	Shell Transport	366	− 4
Land Sec.	328	−10	Vinten	302	+28

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
Lloyds Bank	14	420	+20	Charter Cons	10	235	− 5
Midland Bank	13	350	+10	GEC	10	728	− 2
NatWest Bank	13	425	+15	Ultramar	10	468	+ 3
Ailsa In.	11	218	+13	Unilever	10	565	−15
BP	11	302	+ 2	GKN	9	134	+ 3
RTZ	11	520	− 5	ICI	9	268	− 2
Barclays Bank	10	455	+10	Pilkington	9	323	− 5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 20	July 31	Oct 22	Nov 2
Aug 3	Aug 14	Nov 5	Nov 16
Aug 17	Aug 28	Nov 19	Nov 30

For rate indications see end of Share Information Service

Calls were arranged in Tubes, Berkeley Exploration, Bula, Cooper Industries, Associated Fisheries, Australian Consolidated Minerals, Hampton Trust, Tricentrol, Strata, Amalgamated Estates, FNFC, Pancontinental, Wiggins Construct, BP, Transparent Paper, Commercial Union and Hestair. No puts were reported. Double options were struck in Tubes, ICI and BP.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 20, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., July 17 Index No.	Thur., July 16 Index No.	Wed., July 15 Index No.	Tues., July 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	343.01	−1.4	10.65	4.55	11.59	347.94	349.38	351.26	350.47	286.64
2	Building Materials (25)	296.60	−1.2	13.25	5.74	9.19	300.32	302.23	302.31	301.81	268.14
3	Contracting, Construction (28)	553.75	−0.4	17.14	5.13	6.78	555.78	557.54	553.18	552.83	423.81
4	Electricals (29)	1118.82	−1.5	8.21	2.46	14.89	1136.06	1140.05	1152.98	1152.86	816.54
5	Engineering Contractors (11)	492.07	−0.8	12.11	5.48	9.95	495.87	496.88	500.25	499.14	337.53
6	Mechanical Engineering (69)	204.54	−1.6	12.88	5.81	9.78	207.93	208.83	209.92	208.96	189.30
8	Metals and Metal Forming (13)	144.61	−1.3	11.16	8.22	11.79	146.57	145.83	147.62	147.83	172.80
9	Motors (21)	95.75	−1.6	2.28	7.29	—	97.35	98.57	98.98	98.70	103.95
10	Other Industrial Materials (18)	370.78	−1.8	9.84	5.41	12.18	377.49	379.75	378.76	375.29	0.00
21	CONSUMER GROUP (195)	272.48	−1.6	12.66	5.88	9.75	276.93	279.76	279.67	278.18	239.53
22	Brewers and Distillers (20)	299.10	−2.6	14.86	6.45	8.08	307.09	310.51	309.39	308.71	297.30
25	Food Manufacturing (21)	255.67	−0.8	15.09	6.52	7.99	257.81	259.80	259.38	258.85	218.78
26	Food Retailing (14)	521.72	−0.8	9.43	3.41	12.64	525.92	527.47	526.35	528.39	346.13
27	Health and Household Products (7)	324.69	−2.0	8.48	4.51	14.04	331.35	337.72	339.50	338.69	234.00
29	Leisure (22)	426.28	−0.9	10.12	4.93	12.21	430.18	431.30	432.74	432.76	343.56
32	Newspapers, Publishing (12)	496.61	−1.2	12.53	6.03	11.35	502.62	504.41	508.27	500.62	444.33
33	Packaging and Paper (13)	140.22	−1.5	14.98	7.55	7.93	142.31	144.50	145.24	144.34	140.51
34	Stores (44)	254.19	−1.6	11.47	5.25	11.62	258.30	261.84	261.54	256.36	231.99
35	Textiles (23)	155.66	−1.6	7.59	5.87	18.89	158.14	159.97	159.71	159.18	129.48
36	Tobaccos (3)	241.01	−2.5	21.08	10.36	5.56	247.24	248.31	248.32	251.30	229.23
39	Other Consumer (16)	297.17	−0.5	5.47	6.28	34.57	298.73	299.67	297.33	297.26	0.00
41	OTHER GROUPS (79)	219.72	−1.5	13.39	6.88	9.13	223.02	224.32	224.97	223.99	230.85
42	Chemicals (15)	269.11	−2.4	12.08	7.72	10.35	275.65	278.10	279.33	278.40	324.28
44	Office Equipment (6)	107.13	—	15.42	7.67	7.81	107.13	108.02	110.78	110.35	109.15
45	Shipping and Transport (13)	533.83	−0.9	16.53	7.11	7.10	538.68	540.42	540.17	536.24	607.75
46	Miscellaneous (45)	292.64	−1.1	13.18	5.72	9.29	295.79	296.62	295.74	294.38	286.78
49	INDUSTRIAL GROUP (488)	289.10	−1.5	11.98	5.50	10.29	293.56	295.72	296.38	295.18	256.86
51	Oils (12)	698.87	−1.1	24.01	8.22	4.62	706.91	707.08	709.99	697.55	813.31
59	500 SHARE INDEX	322.29	−1.5	14.04	5.96	8.50	327.04	329.05	329.89	327.80	301.00
61	FINANCIAL GROUP (118)	265.03	−2.3	—	5.54	—	271.24	271.36	270.87	265.51	236.07
62	Banks (6)	278.60	−3.1	33.27	6.58	3.51	287.38	280.13	281.75	272.67	239.41
63	Discount Houses (10)	267.64	−2.6	—	8.42	—	274.86	277.91	279.15	278.38	296.79
64	Hire Purchase (5)	239.90	−1.2	12.76	7.57	10.84	242.87	242.87	242.87	244.35	246.52
65	Insurance (Life) (10)	268.19	−2.3	—	5.64	—	274.45	276.08	275.51	268.76	236.34
66	Insurance (Composite) (9)	169.77	−1.9	—	7.50	—	173.08	175.00	175.15	172.10	159.01
67	Insurance Brokers (8)	399.15	−2.9	11.18	5.81	12.14	410.96	411.88	408.98	395.65	349.01
68	Merchant Banks (13)	170.89	−1.1	—	4.97	—	172.86	173.29	172.00	172.12	141.15
69	Property (49)	482.31	−2.2	3.82	2.88	35.86	493.25	499.36	495.67	489.66	441.91
70	Miscellaneous (10)	179.42	−1.3	17.99	5.72	6.76	181.74	181.60	183.18	177.46	143.49
71	Investment Trusts (109)	309.02	−0.2	—	5.13	—	309.69	310.80	308.35	308.15	269.39
81	Mining Finance (3)	244.49	−0.6	14.40	5.59	8.18	245.98	248.78	248.19	247.03	248.25
91	Overseas Traders (20)	427.25	−1.7	11.96	6.97	10.43	434.75	436.07	432.56	431.50	422.49
99	ALL-SHARE INDEX (750)	311.43	−1.5	—	5.84	—	316.23	317.81	318.04	315.37	288.10

FIXED INTEREST

	PRICE INDICES	Mon., July 20	Day's change %	Fri., July 17	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.01	−0.03	106.35	0.31	6.24
2	5-15 years	100.74	−0.35	101.41	0.31	6.79
3	Over 15 years	102.33	−0.62	102.97	—	8.09
4	Irredeemables	112.46	−0.97	113.56	—	7.43
5	All stocks	102.71	−0.33	103.26	0.21	7.27
6	Debentures & Loans	80.39	−0.80	81.04	—	4.95
7	Preference	62.11	−0.01	62.11	—	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Mon., July 20	Fri., July 17	Year ago (approx.)
	British Government				
1	Low	5 years	12.83	12.78	11.17
2	Coupons	15 years	13.53	13.45	11.11
3		25 years	13.79	13.70	11.11
4	Medium	5 years	15.04	15.00	12.45
5	Coupons	15 years	15.58	15.50	12.40
6		25 years	15.55	15.26	12.06
7	High	5 years	15.10	15.04	12.81
8	Coupons	15 years	15.76	15.67	12.89
9		25 years	15.37	15.27	12.06
10	Irredeemables		13.18	13.05	11.80
11	Debs & Loans	5 years	16.55	15.82	13.51
12		15 years	16.13	15.97	13.48
13		25 years	16.14	15.97	13.46
14	Preference		16.07	16.07	14.38

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25½p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aerospace Eng.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Allied Residential 18p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bula Resources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambridge Elec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Comtech 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Energy Sources	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ICC Oil services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jackson Explorat'n	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	KCA Drilling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mcmec 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mexico Fund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Microfilm Repro.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Murray Technology	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Stanelco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Star Computer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Trident Comp.Serv. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Utd. Comp. & Techgy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Zygal Dynamics	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chloride 7½% Conv. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kent Water 9% Red. Prf. 1987	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Southern Wat. 9% Red. Prf. '86	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mount Charlotte 9¼% Cnv. Ln. 1995-2000	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Newcastle Water 7¾% Red. Prf. 1986	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Prop. Hldg. & Inv. Tst. 8.3% Cnv. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sunderland & S.S. Water 6% Red. Prf. '87	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AGB	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	A.I.D.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brengreen	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	B.P.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Crouch (D.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	English Association	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Euro Ferries	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Extel	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Flight Refuelling	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gaelic Oil	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	G.R.E.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hong Kong & Shanghai Bk.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Horizon Travel	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lyle Shipping	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mose Engineering	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Northern Engineering	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Old Swan Hotel (H'gate)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Second City Props.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sterling Credit	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡‡ Unlisted Securities Market. §§ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mgrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. (Jersey)

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (Far East) Ltd.

Gartmore Fund Managers (I.O.M.)

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

I.C. Trust Managers Ltd.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds International Mgmt. S.A.

Lloyds Bank International, Geneva

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capital Life Ass. Ltd.

Quest Fund Management (Jersey) Ltd.

Quilter Management Co. Ltd.

R.B.C. Investment Managers Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Life Group

Schroder Mngt. Services (Jersey) Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Stronghold Management Limited

Surinvest (Jersey) Ltd.

Surinvest Trust Managers Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

Unilife Assurance (Overseas) Ltd.

Vanbrugh Fund Management Intl. Ltd.

van Cutsem & Associates Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Trust Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd. (a)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Cary, Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a) (g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd. (a) (g)

Key Fund Managers Ltd. (a) (g)

Kleinwort Benson Unit Managers

L. & C. Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (c)

Rowan Unit Trust Mngt. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

For Sebag see Cary, Sebag Unit Trust Managers.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mangt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd. (a) (g)

Tyndall Managers Ltd. (a)(b)(c)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mngt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers' Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Clariden Commodities (Isle of Man) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 13/16	99⅛	Treas. Variable '81§§	99 13/16	......	14.00	14.26
100 11/16	99½	Exch. 12¾pc 1981‡‡	99½	......	12.81	13.84
98	95 11/16	Treas. 8½pc '80-82‡‡	97½	......	8.72	13.88
96⅜	91¾	Treasury 3pc '82‡‡	95¾xd	......	3.13	10.88
107	100⅜	Treasury 14pc '82‡‡	100⅜	......	13.95	13.22
99⅝	98 3/16	Treas. Variable '82§§	99⅝	+1/16	14.02	14.50
96 7/16	93 11/16	Treasury 8¼pc '82	95¼	......	8.66	13.69
96 7/16	93 11/16	Exch. 9¼pc 1982	94⅝	......	9.78	14.27
95⅛	92⅝	Exch. 8¾pc 1983	94	......	9.31	13.36
92¼	84⅞	Exch. 3pc 1983	90¾xd	+⅛	3.32	9.69
99⅜	96⅛	Treasury 12pc 1983‡‡	96⅛	......	12.48	14.65
99⅞	96¾	Treas. Variable '83§§	99⅞	+⅛	14.06	14.31
94⅛	91¼	Treasury 9¼pc '83	92½	......	10.00	13.67
101 13/16	98⅛	Exch. 13½pc '83	98⅛	......	13.76	14.39
94⅛	91¼	Exch. 10pc 1983	91⅞	......	10.88	14.08
88	84½	Funding 5½pc '82-84‡‡	87½	......	6.29	11.40
96¾	92⅞	Exch. 11¼pc 1984	93½xd	−⅛	12.08	14.55
103 3/16	98⅜	Exchequer 14pc. 1984	98⅜	−⅛	14.23	14.67
82⅝	78½	Exch. 3pc 1984	80⅞	−⅜	3.71	10.81
98⅜	93	Treasury 12pc 1984	93	−⅛	12.90	14.77
107¼	101	Treasury 15pc 1985	101xd	−⅛	14.85	14.65
98⅞	92	Exch. 12pc Cnv. '85	92	−⅛	13.04	14.88
76	73¾	Treasury 3pc 1985	74⅝	−⅛	4.02	11.33
96 9/16	90⅛	Treasury 11½pc. 1985●	90⅛	−⅛	12.76	14.88
98⅞	92	Exch. 12¼pc 1985	92	−⅛	13.32	14.76
97⅛	89¾	Exch. 11¾pc '86	90½xd	......	13.04	14.80
70 3/16	68⅝	Treasury 3pc 1986●	68⅝	−⅛	4.37	11.67
97 13/16	90⅜	Treasury 12pc '86	90⅜	−⅛	13.28	14.81
88⅜	81⅝	Treasury 8½pc '84-86‡‡	81⅝	−⅛	10.41	13.71
		Five to Fifteen Years				
103⅞	94¼	Exch. 13¼pc 1987	94½xd	−¼	14.02	14.72
81¼	75	Funding 6½pc '85-87‡‡	75	−¼	8.84	13.16
99½	90	Treas. 12pc 1987	90	−¼	13.73	15.13
81⅛	74⅜	Treasury 7¾pc '85-88‡‡	74⅜xd	−¼	10.41	13.81
65½	59⅝	Transport 3pc '78-88	61	+¼	4.93	11.28
92¾	80½	Treasury 11½pc 1989	80½xd	−½	14.11	15.77
67¼	61¼	Treasury 5pc '86-89	61¼	−¼	8.34	13.08
101½	88⅝	Treasury 13pc 1990‡‡	88⅝	−⅝	14.70	15.25
95 7/16	87⅜	Exch. 12½pc 1990	87⅜	−⅛	14.82	15.88
80⅞	72⅝	Treasury 8¼pc '87-90‡‡	72⅝	−¼	11.49	13.85
93⅛	80⅞	Treasury 11¾pc 1991	80⅞	−⅛	14.64	15.76
66¼	60⅜	Funding 5¾pc '87-91‡‡	60⅜	−¼	9.88	13.50
90	78¾	Exch. 11pc 1991	78¾	−⅜	14.45	15.74
98⅜	85¼	Treasury 12¾pc '92‡‡	85¼xd	−⅜	14.95	15.64
82⅞	71½	Treasury 10pc 1992	71½xd	−⅛	13.63	15.38
94⅜	80⅜	Exch. 12¼pc '92	80⅜xd	−½	15.02	15.85
101⅜	91¾	Exchequer 13½pc '92	91¾	−¼	15.47	15.94
96¾	83¼	Treasury 12½pc '93‡‡	83¼	−⅜	16.06	15.68
63⅞	58⅛	Funding 6pc 1993‡‡	58⅛	−¼	10.70	13.43
105¼	91⅛	Treasury 13¾pc 1993‡‡	91⅛	−⅜	15.47	15.79
107¼	98½	Treasury 14½pc '94‡‡	98½	−¼	15.62	15.80
104¼	90¼	Exchequer 13½pc 1994	90¼	−¼	15.50	15.86
95⅝	81½	Exch. 12½pc 1994	81½xd	−⅜	15.13	15.68
79¾	68⅞	Treasury 9pc '94‡‡	68⅞	−¼	13.38	14.63
92⅞	79½	Treasury 12pc '95	79½xd	−½	15.07	15.55
51¾	45⅛	Gas 3pc '90/95	45⅛	−¼	6.75	10.86
83	71¼	Exch. 10¼pc 1995	71¼xd	−¼	14.39	15.28
100⅛	86¼	Treasury 12¾pc '95‡‡	86¼	−½	15.19	15.56
104⅞	89¾	Treas. 14pc '96	89¾xd	−⅜	15.59	15.80
76¾	69¼	Treasury 9pc '92/96‡‡	69¼	−¼	13.62	14.68
115⅝	99⅝	Treasury 15¼pc '96‡‡	99⅝	−½	15.83	15.88
103½	88⅞	Exchequer 13¼pc '96‡‡	88⅞	−½	15.33	15.60
		Over Fifteen Years				
100¾	92¼	Treas. 2pc I.L. '96★★	93½	......	2.35	2.79
50¼	45¼	Redemption 3pc 1986-96	45¼	−⅜	6.77	10.34
101⅛	86⅝	Treasury 13¼pc '97‡‡	86⅝xd	−⅝	15.29	15.54
83⅞	71⅝	Exchequer 10½pc 1997	71⅝xd	−¼	14.48	15.14
74¾	67⅞	Treasury 8¾pc 1997‡‡	67⅞	−⅜	13.57	14.48
65⅝	55⅞	Treasury 6¾pc '95-98‡‡	55⅞	−¼	12.41	13.78
114½	102⅞	Treas. 15½pc '98‡‡	102⅞	−½	15.80	15.79
95⅛	80¾	Exch. 12pc 1998	80¾	−½	15.25	15.55
79⅜	68⅛	Treasury 9½pc 1999‡‡	68⅛	−¼	13.98	14.60
94	84	Exch. 12¼pc 1999	84	−½	15.30	15.57
94⅜	85⅜	Do. 'B'	85⅜	−½	15.35	15.62
86¼	73½	Treasury 10½pc 1999	73½	−¼	14.65	15.11
100	84¾	Treas. 13pc 2000	84¾	−½	15.38	15.56
107¾	92⅛	Treas. 14pc '98-01	92⅛	−½	15.59	15.66
93¾	78¾	Exch. 12pc '99-02	78¾xd	−½	15.23	15.43
104⅜	88½	Treas. 13¾pc 2000-03	88½xd	−½	15.51	15.59
90	80⅛	Treasury 11½pc '01-04	80⅛	−½	15.09	15.24
41⅛	34⅝	Funding 3½pc '99-04	34⅝	−¼	10.13	11.84
99¼	84⅛	Treasury 12½pc '03-05	84⅛	−⅝	15.24	15.30
33¾	30⅜	Tr. 2pc IL (£30pd)★★	33	......	2.37	2.58
68¾	61⅜	Treasury 8pc '02-06‡‡	61⅜	−¼	13.55	13.87
92½	77⅝	Treasury 11¾pc 03-07	77⅝xd	−¾	15.13	15.23
103⅜	92¼	Treas. 13½pc '04-08	92¼	−½	15.35	15.38
50⅝	45⅛	Treasury 5½pc '08-12‡‡	45⅛	−⅜	12.75	12.97
66¾	57¼	Treasury 7¾pc '12-15‡‡	57¼xd	−¼	13.54	13.66
98⅛	83¼	Exch. 12pc '13-'17	83¼	−⅝	14.64	14.64
		Undated				
33¾	28½	Consols 4pc	28½xd	−¼	13.98	—
32¼	27⅜	War Loan 3½pc‡‡	27⅜	−¼	13.01	—
37⅝	33	Conv. 3½pc '61 Aft.	33	−¼	10.96	—
25	21⅞	Treasury 3pc 66 Aft.	21⅞	−¼	14.29	—
21⅛	18⅛	Consols 2½pc	18⅛	−¼	13.88	—
21	18¼	Treasury 2½pc	18¼	−¼	14.29	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅝	95	Finland 14½pc Ln 1986	95	−1	15.10	15.73
91¼	87	Int. Bank 5pc '77/82.	90⅝	......	5.51	14.46
99 13/16	95	Do. 13½pc Ln 1986	95	−1	14.06	14.69
100 3/16	93	Sweden 13½pc 1986	93	−1	14.36	15.33

CORPORATION LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
93½	88	Bath 11¼pc 1985	88	......	12.79	15.11
98	92¾	Birm'ham 12½pc 1985	92¾	......	13.48	14.86
102	91¾	Burnley 13pc 1987	92¼	−¾	14.33	15.44
95½	87	Cardiff 11pc 1986	87¼	−¾	12.97	12.27
100⅛	98¼	G.L.C. 12½pc '82	98¾	......	12.65	13.95
99	96	Do. 12½pc 1983	96	......	13.02	14.83
95⅜	92½	Glasgow 9¼pc '80-82	94	......	9.84	14.39
75½	68	Herts 6½pc 1985-87.	68	−¾	9.88	14.86
98¾	86¼	Leeds 13½pc 2006	86¼	−1	15.97	16.03
91½	88¼	Liverpool 9¾pc '80-84	88¼	......	11.05	14.84
26	23¼	Do. 3½pc Irred.	23½	−¼	15.22	—
100½	96¾	Lon. Corp. 13¼pc '83	96¾	......	13.70	14.76
88¾	87	Do. 9¼pc '84-85	87	......	10.63	13.35
80½	78½	LCC 5½pc '82-84	79	......	6.96	14.28
71¼	63¾	Do. 5½pc '85-87	63¾	−¾	8.69	15.10
70¼	61½	Do 6¾pc '88-90	61½	−¾	10.98	14.57
23¾	20	Do. 3pc '20 Aft.	20¼	−¼	15.29	—
97¼	92¾	Sunderland 12¼pc 1984.	92¾	......	13.17	14.81

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
96⅛	92¼	Aust. 5½pc '81-82	95½	−¼	5.86	14.70
87½	83½	Do. 6pc 1981-83	84½	−¼	7.16	14.24
67¼	59½	N.Z. 7¼pc 1988-92	59½	−¼	12.24	14.89
81¼	74	Do. 7½pc '83-86	74	......	10.20	15.38
141	115	S. Rhod. 2½pc Non-Ass.	138	......	—	—
59	43	Do. 3½pc 80-85 Assd.	59	......	6.06	18.40
43	26	Do. 4½pc 87-92 Asstd.	41	......	10.98	16.00
395	333	Zimbabwe Ann (£100pa)	385	......	—	21.36

LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64	58	Agric. Mt. 5pc '59-89	59¾	−½	8.39	13.40
29½	25¼	Met. Wtr. 3pc 'B'	25¼	−½	12.41	14.64
114	98½	U.S.M.C. 9pc 1982	104	......	8.75	—
97¼	91	Do. without Warnts.	93½	......	9.77	17.10
		Financial				
101½	97½	FFI 14pc '83	97½	−½	14.36	15.24
92	88½	FFI(UK Fn)5½pcDb. '80-2	91½	−½	6.13	15.61
83½	77	Do. 6½pcDb. '81-84	78½	−½	8.09	15.20
93	84½	Do. 10½pc Uns.Ln. '86	86xd	......	12.20	14.90
92	80½	Do. 11pc Uns.Ln. '88	80½xd	−1	13.66	15.20
92	81	Do. 11¾pc Uns.Ln. '90	81xd	−1	14.58	15.90
94½	83½	Do. 12½pc Un. Ln. 1992	86½	−1	15.21	16.00
64½	55½	Do. 7¼pcADeb. '89-92	55½	−½	13.36	16.10
62	54½	Do. 7¼pcADeb. '91-94	56	......	13.59	15.75
72½	65	Do. 9pc 'A' '91-94	65	−1	14.57	16.10
70	62½	Do. 8¾pcLn. '92-97	62½	−1	15.23	16.10

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
85	58	Antofagasta Rly	85	......	—	—
55	55	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	£3.07
28	15	Chinese 4½pc 1898	15	......	—	—
22	12	Do. 5pc 1912	12	......	—	—
18	9	Do. 5pc 1913	9	......	—	—
16	9	Do. 5pc '25 Boxer	9	......	—	—
94	79½	Denmark 13pc 2005.	79½	−1	13	16.57
40	36	Greek 7pc Ass.	40	......	3½	f8.91
35	33	Do. 6pc 28 Stb. Ass.	35	......	3	f8.92
32	30	Do 4pc Mixed Ass.	32	......	2	f6.41
52	48	Hung. '24 Ass.	48	......	2¾	f5.79
20½	16	Hydro Quebec 15pc Ln 2011	17	......	15	16.09
67	62	Iceland 6½pc '83-88	67	......	6½	13.80
102	83½	Do. 14½pc Ln. 2016	85xd	......	14½	16.92
90¼	83½	Ireland 7½pc '81-83.	86	−¼	7½	16.02
79¼	68½	Do. 9¾pc '91-96	72¾	−½	9¾	14.93
215	180	Japan 4pc '10 Ass	215	......	—	13.00
79	67	Do. 6pc '83-88	67xd	......	6	f3.19
165	155	Peru Ass. 2007	165	......	5.22	f3.17
96¾	86¾	Pet. Mx 14½pc '06.	86¾	−1	14½	17.01
$79	$77	Turin 9pc 1991	$77½	......	—	f11.61
DM90	DM90	Turin 6½pc 1984.	DM90	......	—	9.80
96	96	Uruguay 3½pc	96	......	3½	3.90

AMERICANS

1981 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
27⅜	19⅝	ASA	26xd	+⅜	$5.00	—	9.9
27⅝	27⅜	AMF 5% Conv. '87	27½xd	......	5%	—	10.25
16½	912p	Abbott Labs.‖	15½xd	+⅛	h72c	—	2.4
32⅞	16½	Amax $1	31½xd	+⅛	$2.40	—	3.9
21¼	15½	Amdahl	17	+3/16	040c	—	1.2
27⅝	16⅝	Amer. Express $0.60	24	......	♦$2.00	—	4.3
24⅜	15½	Amer. Medical Intl. $1.	22¼	+⅝	64c	—	1.5
14⅜	11¼	Bank America Corpn.	13	......	$1.52	—	6.0
18⅝	12⅛	Bankers N.Y. $10	17⅞	−⅛	$1.85	—	5.3
[illegible]							

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
127	40	Hill (Chas.) £1	127	—	♦	—	—	—
37	16	Hirst Mat'son 20p	32	—	♦0.1	—	0.4	—
105	86	Holden (A.)	102xd	—	5.0	2.2	7.0	7.7
47	24	Hollis Bros	30	−2	—	—	—	—
77	55	Holt Lloyd Int. 10p	67	—	3.17	1.5	6.8	12.8
163	110	Hoover 'A'	125	—	6.0	—	6.9	—
78	39	Hoskins & H 20p	74	—	2.0	—	3.9	—
69	48	Howard Tenens	65	+2	‡2.28	2.0	‡	12.0
420	250	Hunting Assoc.	340	−5	5.0	5.8	2.1	8.6
160	112	Huntleigh 10p	128	—	1.5	3.8	1.7	15.9
226	120	Hutch Whamp SHK1	221	+3	Q32c	♦	1.3	♦
15	11½	Hyman (I. & J.) 5p	14	—	0.83	3.9	8.4	3.4
£20⅞	£12⅝	I.C. Industries	£19½	—	Q$2.20	—	5.8	—
70	28	ICL	28	−2	‡2.97	—	‡	—
44	35	Ingall Inds. 10p	38	—	2.5	1.6	9.4	10.5
241	188	Initial Services	226	+10	9.0	♦	5.8	♦
23	9	Inter-City 20p	16½	−1	—	—	—	—
78	39	J. B. Holdings 10p	70	—	3.0	4.9	6.1	4.5
192	110	Jacksons Bourne	183xd	—	5.0	♦	3.9	♦
26½	12	James (M.) Inds. 10p	23¼	+1½	1.0	3.3	6.0	5.6
248	147	Jardine M. SHK6	229	−9	Q88c	2.8	3.6	14.2
25½	16½	Jentique	18½	—	‡1.03	—	‡	—
10	6½	Johnson & Barnes	7#	—	—	—	—	—
249	152	Johnson Clnrs.	243	+1	7.0	3.4	4.1	8.0
*285	186	Johnson Mthy. £1	245	—	9.5	2.3	5.5	(9.8)
92	75	Jourdan (T.) 10p.	86	—	5.25	1.8	8.7	8.9
81	60	Kalamazoo 10p	64	—	‡3.75	1.4	‡	10.5
178	136	Kelsey Inds	139	—	‡8.0	4.7	8.2	3.7
142	112	Kennedy Sm. 10p	142	—	13.5	3.4	3.5	10.1
330	255	Kershaw (A.) 5p	270	−10	22.75	8.6	11.8	(25.1)
75	54	Keen-E-Ze Hldgs.	72	+3	5.5	♦	11.6	♦
75	59	L.C.P. Hlds	61	—	4.3	1.1	10.1	(13.9)
37	25	L.K. Ind'l. Ins.	27	−1	—	—	—	—
48½	37	L.R.C. Int. 10p	47½	−½	2.5	♦	7.8	♦
56	42	Lawtex	46	—	‡4.0	1.8	‡	(12.2)
177	116	Lead Inds. 50p	158	−3	9.66	1.2	8.7	13.2
88	55	Leadenhall Sterling	77	−3	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	—	Q2.5c	—	3.7
41	14	ACM 20c	36	+1	—	—	—
21	11½	Argosy Gold NL 25c	14	—	—	—	—
229	137	Bond Corp.	220	—	Q7½c	1.9	2.1

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
330	180	Colby Res. Corp.	245	+5	—	—	—
275	200	Cons. Murch. 10c.	250	—	†Q30c	1.8	7.5
98	58	††Hemerdon 10c.	58	—	—	—	—
180	135	Highwood Res.	140	−5	—	—	—
400	300	Northgate C$1	330	−5	—	—	—
580	372	R.T.Z.	515	−5	16.0	3.2	17.9
£125	£93½	Do. 8½% Cu.Ln. '95-2000	£119	—	Q8½%	—	f8.0
*51	32	††SPO Minerals 10p	35	+3	—	—	—
47	27	Sabina Inds. C$1.	27	—	—	—	—
44	28	††SWCM 10p	37	—	—	—	—
555	465	Tara Exptn. $1	555	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ¥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Cadburys	7½	N.E.I.	[illegible]	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank.	32	Burmah Oil	16
Debenhams	10	P & O Dfd.	12	Charterhall	8
Distillers	17	Plessey	23	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	Mines	
Grand Met.	18	Thorn EMI	30		
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall.	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Tuesday July 21 1981

Ford and Toyota end talks on U.S. project

By Kenneth Gooding in Dearborn, Michigan

FORD and Toyota have called off their talks about setting up a joint manufacturing project in the U.S. Mr Donald Petersen, Ford's president, said that after more than a year of discussions, the two companies have failed to agree on what vehicle should be made.

The discussions, which started in June, 1980, concentrated at first on a plan under which a Ford plant would be converted to build a Toyota model at the rate of around 300,000 vehicles a year. It became clear recently that this plan was running into difficulties.

It was originally intended that the partnership should involve building a car, but more recently the talks have centred around a light commercial vehicle.

The deal would have helped Ford, which is short of cash for its development programme, to fill a gap in its product line. At the same time Toyota, the largest of the Japanese motor groups, has been under political pressure to set up some form of assembly plant in the U.S.

Among the other successful Japanese exporters to the U.S., both Nissan and Honda have agreed to set up vehicle assembly plants there.

Toyota is believed to have lost interest in the Ford project when the Japanese Government agreed in May to limit voluntarily car exports to the U.S., for the next two years. Toyota's main objective in starting the talks may have been to head off such restrictions.

However, Mr Petersen said he believed that Toyota had been sincere in its efforts. Although Mr Petersen did not mention them, there seems little doubt that Toyota's attitude was affected by other considerations.

First Saudi Arabia and Kuwait threatened to add its vehicles to their lists of embargoed products if it concluded a deal with Ford, a company already on the embargo list because of its business links with Israel.

Toyota would want to protect sales to Saudi Arabia in particular.

Second, Ford was insistent that there should be a 75 per cent local content in the joint American-made vehicles within two years from the start of production.

Weather

UK TODAY

CLOUDY, some rain or drizzle but mainly dry with sunny intervals.

London, SE England, Channel Is, SW England
Rain or drizzle clearing. Dry with sunny intervals. Max 21C (70F).

E England, Midlands, S Wales
Mostly dry with sunny intervals. Max 21C (70F).

N England, Borders, E Scotland, S Scotland
Sunny intervals but showers developing. Max 19C (66F).

N Scotland, Orkney, Shetland, N Ireland
Cloudy with some bright intervals. Scattered showers. Max 16C (61F).

Outlook: Sunny intervals, showers. Rather cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Luxmbg.	R	15	59
Algiers	S	26	79	Luxor	S	41	106
Amsdm.	C	18	64	Madrid	S	28	82
Athens	S	31	88	Majorca	S	26	79
Barclna.	S	24	75	Malaga	F	27	81
Beirut	F	29	84	Malta	S	25	77
Belfast	R	16	61	M'chstr.	C	17	63
Belgrd.	C	17	63	Melbne.		—	—
Berlin	C	15	59	Mx. C.†		—	—
Biarritz	Dr	17	63	Miami†	F	27	81
Bmghm.	C	19	66	Milan	F	26	79
Blackpl.	C	16	61	Montrl.†	C	22	72
Bordx.	C	20	68	Moscow	S	31	88
Boulgn.	C	18	64	Munich	R	12	54
Bristol	F	20	68	Nairobi		—	—
Brussels	C	18	64	Naples	S	25	77
Budpst.	C	15	59	Nassau		—	—
Cairo		—	—	Nwcstl.	C	16	61
Cardiff	C	18	64	N York†	C	26	79
Cas'b'ca	S	25	77	Nice	F	23	73
Cape T.		—	—	Nicosia	S	29	84
Chicg.†	C	24	75	Oporto	S	31	88
Cologne	C	17	73	Oslo	S	20	68
Cpnhgn.	F	18	64	Paris	C	20	68
Corfu	S	27	81	Perth		—	—
Denver†	Cl	17	63	Prague	R	10	50
Dublin	C	18	64	Reykjvk.	C	10	50
Dbrvnk.	F	22	72	Rhodes	S	31	88
Ednbgh.	C	18	64	Rio J'o†		—	—
Faro	S	29	84	Rome	S	25	77
Florence	F	26	79	Salzbrg.	S	12	54
Frankft.	Dr	15	59	S F'cisc†	Cl	9	48
Funchal	S	24	75	S. Moritz		—	—
Geneva	C	17	63	Singapr.		—	—
Gibraltar	S	24	75	S'tiago		—	—
Glasgow	C	16	61	Stckhm.	F	22	72
G'rnsey	S	17	63	Strasbg	C	15	59
Helsinki	F	18	64	Sydney		—	—
H. Kong		—	—	Tangier	S	28	82
Innsbrk.	C	9	48	Tel Aviv	S	28	82
Invrnss.	F	17	63	Tenerife	S	24	75
I.o.Man	C	15	59	Tokyo		—	—
Istanbul	S	28	82	T'ronto†	C	20	68
Jersey	C	19	66	Tunis	F	27	81
Jo'burg		—	—	Valencia	S	27	81
L. Plms.	S	24	75	Venice	C	23	73
Lisbon	S	32	90	Vienna	R	13	55
Locarno	S	24	75	Warsaw	C	18	64
London	F	23	73	Zurich	Dr	12	54
L. Ang.†	C	18	64				

C—Cloudy. Cl—Clear. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Israeli jets in action again

BY DAVID LENNON IN TEL AVIV AND IHSAN HIJAZI IN BEIRUT

ISRAELI AIRCRAFT struck again yesterday at Palestinian positions in southern Lebanon and there were fears of a large-scale incursion by Israeli ground forces.

Chances of a more drastic intervention seem to have been heightened by Israeli frustration that the most prolonged aerial and artillery assault since March 1978 has not silenced the Palestinian guerrillas in south Lebanon.

Israeli aircraft were in action again yesterday after a woman aged 40 was killed by rocket fire at Misgav Am, a kibbutz near the northern border.

They struck at targets near the Zahrani estuary and at the major Palestinian strongholds of Beaufort Castle, the ancient Crusader fort, and round Nabatiyeh.

The continued Palestinian attacks on northern Israel, in which shells and rockets have fallen on or near 28 settlements in 11 days, have caused anger and fear to the area's inhabitants.

Many have left their homes to say with friends and relations in the south and centre of the country until fighting dies down.

Work in northern factories has been severely disrupted. Mr Avraham Shavit, chairman of the Israeli Manufacturers' Association, said that 4,000 workers had been sent home because of Palestinian attacks.

Early yesterday Israeli forces mounted their first land operation since the present fighting began on July 10. An officer was killed and seven soldiers were wounded in a limited operation near the mouth of the Zahrani a few miles south of Sidon before the invading force was evacuated by helicopter.

Mr Philip Habib, the U.S. special envoy, has been obliged to await an Israeli Cabinet meeting today which is to decide whether Mr Menahem Begin, the Prime Minister, should be given a mandate to negotiate a ceasefire.

On Sunday Mr Begin rejected the U.S. call for an immediate ceasefire. Israel is expected eventually to agree, but only after meting out more punishment to the guerrillas.

Saudi Arabia is pressing the U.S. to restrain Israel from unrelenting attacks in south Lebanon, said Gen. Ali Shaer, Saudi Ambassador in Beirut, who saw President Elias Sarkis yesterday. After the meeting he said: "Lebanon is not alone in the battle."

The official Saudi Press Agency reported that Mr Chedli Klibi, secretary-general of the Arab League, had called for a special meeting of the Arab League Defence Council. There was no immediate confirmation from the organisation.

Kania urges support for Soviets

BY CHRISTOPHER BOBINSKI AND ROGER BOYES IN WARSAW

POLAND'S EMERGENCY Communist Party congress ended last night with a strong affirmation by party chief Stanislaw Kania of Warsaw's commitment to the Soviet Union and an appeal to the nation to concentrate on economic recovery.

After several days of remarkably free debate on the extent of democratic reform in Poland Mr Kania evidently felt it necessary explicitly to reassure Moscow.

"Anyone who objectively and thoroughly listened to our discussions must admit that the congress left no shade of doubt that our party wants and can ensure that Poland remains indissolubly allied to the Soviet Union," he declared.

Soviet news commentators have already indicated that they considered some aspects of the congress as "revisionist." However, the Russian delegation is said to have shown little open interest in the composition of the new Polish party leadership, though it clearly approved of the appointment of a hard liner, Mr Albin Siwak, to the 15-member politburo responsible for day-to-day party policy.

The congress approved changes in the statutes of the party, the most important of which will probably be that provincial party delegates adhere to the line of those they represent. This will introduce a new element of democratic control into the party structure.

Another important change is the acceptance of religious believers as party members providing they accept the party programme. Also party posts can now be held for only two terms — a maximum of 10 years — thus setting clear limits on the length any individual can hold a position in the leadership.

All of these changes approved at the congress have the effect of shifting the emphasis of party activity away from the leadership to the rank and file.

Stanislaw Kania: call for economic recovery

As the congress delegates sang the concluding Internationale and the Polish national anthem, fresh dissension emerged. The hard-line Katowice Forum movement — which has now got a foothold in industrial centres — is due to hold a national meeting this week. Mr Tadeusz Grabski, a prominent hard liner who lost his place in the central committee last week, is expected to appear at the meeting.

It is understood that Mr Grabski has turned down the offer of the post of first deputy premier and will probably return to his former job as a factory manager in Pozhan. This means that the hard line interests within the party may well focus future activities outside the central ranks of the leadership.

In his final speech, Mr Kania said Poland must "finally stop all activities which push our state and party authorities into trials of strength." That was an evident reference to two serious strike threats by workers of Lot, the state airline, and by dock workers. Both groups are due to strike this week.

City accountancy firm censured

BY ROSEMARY BURR

A leading firm of City accountants, Josolyne Layton-Bennett, has been censured for work done nine years ago on behalf of Burnholme and Forder, a transport and engineering group.

The accountancy profession's investigative body, the Joint Disciplinary Scheme, has concluded after 15 months of study that Josolyne Layton-Bennett's professional conduct "had fallen short of the standard to be expected of a firm of chartered accountants."

In particular, Josolyne Layton-Bennett's conduct in relation to reports which it issued in 1971 and 1972 on profit forecasts made by the directors of Burnholme and Forder was criticised.

The firm "had not been sufficiently robust in their dealings with what was undoubtedly a difficult client, and they had failed to display in sufficient measure the sturdy independence and professionalism to be expected of a firm of chartered accountants." As a result of these findings, Josolyne Layton-Bennett will be reprimanded and required to pay £20,000 towards the costs of the inquiry.

Mr Stephen Pain, former partner of Josolyne Layton-Bennett, said yesterday: "The matters referred to in the report occurred nine years ago. I think perhaps it was a little harsh, although of course we accept the report."

In particular, Mr Pain thought the criticism of the firm as "not sufficiently robust" was "a subjective matter and rather difficult to assess."

This is the second time the conduct of the accountancy firm in the affairs of Burnholme and Forder has come under the spotlight. In a report published in 1979 the Department of Trade, following a five-year study of the industrial group, cleared Josolyne Layton-Bennett and the company's other accountants Coopers Lybrand.

After studying the circumstances in which 10 profit forecasts and one profit estimate were made, the DoT concluded that, although all 11 erred heavily on the optimistic side, no criminal offence had been committed by any of the accountants involved.

However the DoT's report was mildly critical of Josolyne Layton-Bennett's conduct in the preparation of the profits estimate. It stated the firm failed "to make such reasonable tests into the records that would have revealed the omission of expense creditors as they might have done."

In addition, the DoT pointed out the hazards involved in a company's auditors performing the twin task of compiling profit forecasts and reporting on the validity of such an exercise. Although not absolving the board of sole responsibility for a profit forecast, the DoT noted Josolyne Layton-Bennett's apparent involvement in the compilation of these forecasts and warned that such conduct was undertaken at the auditor's "peril."

Mr Cyril Trup, a chartered accountant and former director of Burnholme and Forder, was also censured by the Joint Disciplinary Scheme. No findings were reached on co-director, Mr Leonard Scruton, a chartered accountant, as he failed to attend the hearings. Mr Scruton was described by the DoT as the dominant figure behind the affairs of Burnholme and Forder.

Strike will cost civil servants up to £9.5m

By Philip Bassett, Labour Staff

THE five-months of Civil Service strikes that have won 530,000 white-collar workers a £30 flat-rate improvement on the Government's original 7 per cent pay offer for this year's pay deal are expected to cost the unions about £9.5m.

The offer now being put out to union members also includes negotiation for next year's deal without pre-set cash limits (supported by access to independent arbitration) and an inquiry into future pay determination chaired by Sir John Megaw.

The bulk of the unions' expenditure is on strike pay—at 85 per cent of a member's normal gross earnings. The cost of this is now becoming prohibitive, particularly after the widespread suspension of staff in the unemployment benefit service.

A number of union circulars on the offer point out that the strikes must end soon because a membership levy failed to meet the cost. Some circulars suggest August 3 as the date for a return to work.

Strike pay to the end of last week totalled about £7.7m. Although not yet finally calculated, this is expected to rise to about £8.5m if the dispute ends at the end of the month, making 21 weeks in all.

On top of this come administrative payments, including the cost of about 40 local CCSU committees to run the strike (about £325,000); "substantial" subsistence and travel payments, mainly to full-time officers (could be more than £80,000): and the unions' commitment to backdate the eventual deal to April 1 for the strikers (at 7½ per cent, about £650,000).

These bring the total cost for 21 weeks of strikes to about £9.5m.

Against this, the unions estimate that up to the end of last week the levy has brought in about £6.6m. It is widely expected this will drop sharply as many members might now see the dispute as a lost cause.

The gap will therefore have to be met from union reserves. When the dispute is over, officials will try to balance the expenditure between the wealthier and less wealthy unions.

Even for relatively wealthy unions like the Institution of Professional Civil Servants, the effect on reserves could discourage any early repetition of industrial action.

For its part, the Government has incurred irrecoverable expenditure of about £140m in interest charges on money borrowed to cover the cost of revenue delayed by the strikes. However, it expects to recoup the majority of the £4.5bn mainly involving pay-as-you-earn and value added tax contributions it says has been delayed by the strikes.

Costs will end action, Page 10

Continued from Page 1

Europe

rates were causing a problem for the pound, and therefore for prices of British imports, but Mr Reagan's commitment to beating inflation meant that "he has got his eye in the right ball," said a British official.

As often at past summits, an international crisis was hanging over the discussions as the leaders and their Foreign Ministers kept close track of events in the Middle East.

Foreign Ministers were discussing a seven-nation appeal for a ceasefire, with Mr Richard Allen, Mr Reagan's National Security Adviser, moderately optimistic that one could be arranged through the efforts of Mr Philip Habib, U.S. special envoy on the spot.

Mr Allen said the U.S. Administration was also keeping a decision to release a fresh batch of F-16 fighter aircraft for Israel under close review.

Mr Reagan deplored the increasing violence in Lebanon and yesterday said his immediate goal was to help bring about a ceasefire.

Forestry strike total

The shut-down of British Columbia's forestry industry was completed yesterday when 7,300 members of the Canadian Paperworkers' Union joined a strike begun by the other leading unions in the industry, Victor Mackie reports from Ottawa. All 700 sawmills and 21 pulp and papermills in the province are now idle.

The industry accounts for 70 per cent of the total dollar value of British Columbia's exports.

Bank

Continued from Page 1

thanks to the Bank's action, which reduces the pressures on the clearers. The amount of arbitrage activity through borrowing from the clearers on overdraft and redepositing in the money markets is apparently on a limited scale. This is because customers are unwilling to take a risk over a period of one month or longer and there is still only restricted scope for such switching over shorter periods.

The official hope is that the markets will become calmer over the next few days—but this will be tested by the sale of a special £300m of Treasury Bills later this month on top of the usual £200m offer. Looking further ahead the payment of delayed tax receipts when the Civil Service dispute ends will produce upward pressures.

Uncertainty is underlined by the fluctuations in sterling which yesterday slipped 1.7 cents to $1.8685. The pound was slightly firmer against the Continental currencies.

David Lascelles in New York writes: Renewed gloom about rising interest rates hit Wall Street yesterday, triggering heavy selling in shares and bonds.

The immediate cause was last Friday's money supply figures which showed a huge increase in the main measure and reinforced the view that the Federal Reserve Board will be forced to delay any easing in its tough monetary stance. Although analysts had warned that the figures would be bad, the scale of the increase was much worse than expected, and it sounded a bad note at the end of a week when Wall Street had begun to look for some improvement.

By noon yesterday, the Dow Jones industrial average had lost 13 points and bond prices were marked down as much as two points.

Lloyd's

Continued from Page 1

whole of the agency system would be reviewed.

Mr Peter Green, Lloyd's chairman, said that he was "delighted" with the outcome. But opposition to the later stages of the Bill is mounting from a number of quarters.

● Two underwriting members who filed a petition which prompted the Commons committee to call for changes to the Bill will be seeking the removal of a controversial legal immunity which will protect a new Lloyd's council from suits for damages in the event of negligence.

● A group of 17, Conservative MPs remain opposed to the immunity provision.

● An association of external members, led by Lady Janet Middleton, intends to "carry on battling" over the immunity clause.

● An action group led by Mr Ronald Comery of Alexander Howden Group, comprising influential brokers and underwriters, will consider on Thursday its tactics for fighting the provision in the Bill calling for the divestment of brokers' underwriting interests. It may file a petition opposing the measure in the next session of Parliament.

THE LEX COLUMN

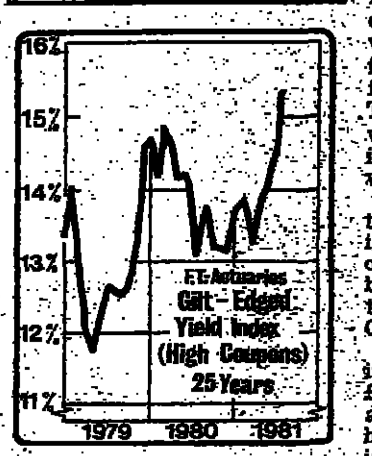
A bet against the Bank

Sheer repetition can drive a point home in the end, and after the Bank of England's two sallies into the discount market yesterday bearing cheap money, no one can be in any doubt that the authorities remain determined to prevent a rise in clearing bank base rates. Borrowers in the interbank market at 14 per cent for a month can no longer pretend they are anticipating the Bank's intentions; they are betting against its resolve. The clearing banks are uncomfortable, of course, when it comes to financing loans to prime borrowers on overdraft at 13 per cent, but they can probably stand the squeeze for a little while longer.

There were some signs last night that the Bank's signals were beginning to be translated into a less alarmist structure of money rates—the yield curve is now quite flat from two months out to a year. But gilt-edged still closed at their lowest for 4½ years. A stock like Treasury 13¾ per cent 2000-03 now yields nearly half a point more than in November 1979, when £1bn of it was dropped on a shell-shocked market the day that Minimum Lending Rate was raised to 17 per cent. The investing institutions are behaving as though they expect to be offered three tap stocks yielding 16 per cent each to enable them to climb aboard at the bottom; that might be a dangerous policy, if the Government Broker really has forsworn the clumsiest of the traditional funding methods.

Investors' unwillingness to hold gilt-edged is measured by the virtually unprecedented 9½ point yield gap between equities and long Government bonds. In this sort of climate it is no wonder that a discount house such as Alexanders, which announced an unchanged interim dividend yesterday as did Union last week, is stressing that it has been running a very short book for some time. The houses must hope their running margins—currently quite good—will survive the civil servants' return to work and the patriotic job of underwriting the bumper £1bn Royal Wedding Treasury bill tender.

Index fell 9.7 to 514.0



News Collins

Another takeover attempt has ended in awkward stalemate, with News International allowing its offer for William Collins to lapse. This leaves it with 42.3 per cent of the votes, but no more than 18.2 per cent of the overall equity. It amounts to an intriguing mirror image of the imbroglio at the Savoy, where Trusthouse Forte has around 62 per cent of the equity, but no more than 39 per cent of the voting power.

In contrast to the continuing sullen confrontation between the hoteliers, all is suddenly sweetness and light after the publishers' hostilities. News will have two directors on the Collins board.

Holders of the non-voting "A" shares of Collins remain, however, in a vulnerable position. News, which so far has spent less than £5m, can nibble at the voters at the rate of 2 per cent a year, with the possibility of gaining control within 4 years. The best defensive move, paradoxically, would be to enfranchise the non-voters—though this would be blocked by News because it would require a 75 per cent vote. No doubt Collins' merchant bankers will be doodling discreetly away at elaborate contingency plans to dilute News if possible. At this stage, however, Collins is concentrating on the undoubted potential of the business relationship with the larger group.

Steel castings

With no prospect of ever getting back to full capacity, the steel casting industry has been talking for years about the scope for an orderly run-down of its excess foundries. Lazard Brothers became involved about three months ago through its work for Briish Seel, and has now taken on the job of promoting a self-financed reorganisation scheme.

It is an ambitious idea. There are upwards of 40 companies involved, and the interests of large groups like Weir or F. H. Lloyd may be difficult to square with those of the small foundries with no other interests. And at the back of everyone's mind is the fear of what would happen if imports filled the gap left by the foundries which closed down. The survivors will need to be very sure of returning to profits in order to compensate those who go.

Keynes had similar ideas for the Lancashire textile industry in the 1920s. Then, the Bank of England got sucked in—and burnt its fingers. This time there is no question of any Government assistance.

However, the sums of money involved are not huge—maybe £10m over a five-year period, and this scheme has already had a great deal of work put into it. Companies representing over half the industry's capacity have expressed qualified approval, and a good number of the rest may well be desperate for any kind of straw. Odds in favour of the scheme are being quoted at better than even.

London American

With the lifting of price controls, domestic U.S. oil exploration is as attractive as anywhere in the world. But the glamorous exploration stocks of last year are languishing and it takes a very worthy new issue or one with a lot of City muscle behind it—or both—to achieve lift-off. In recent weeks offers for three exploration oil stocks—Sapphire Petroleum, Jackson Exploration and Hamilton Oil—have all flopped. So there was a heavy call on the persuasive powers of Schroders, Barings, Flemings and Rowe and Pitman to get away a $100m private placement for London American Energy—significantly, about 60 per cent has gone to their in-house funds.

In fact by comparison with some of the better-timed issues of the last couple of years, London American is attractive and soundly based. The risk is broadly spread across joint ventures with four exploration companies and the terms of partnership appear reasonable. Strict limits are set to the company's lifespan and cash generated in due course from drilling successes will be returned rather than re-invested—London American, at least, will not be bidding for a mining group. Nevertheless, when oil companies not featuring in the current blockbuster takeover show can be picked up for large discounts, the aftermarket in the company is likely to prove dull initially.

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